University of Alberta

The Construction of Participatory Political Channels in Brazil

by

Lisa Cunha de Freitas

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Abstract

Constitutionally guaranteed participatory political channels legitimize organised civil society participation, force a more equitable distribution of public goods and services, and alter the discourse about fundamental obligations of the state, particularly toward those traditionally most excluded from its benefits. However, in the context of Brazilian politics, after thirty years of re-democratization, these channels have not yet been sufficiently well explored and employed in order to exert more pressure on the crucial domain of economic policy, in ways that could hasten change and diminish prevailing inequality. This is due at least in part to the complexities of Brazilian federalism, the conception of the sphere of economics as the preserve of the expert, and the fragmentation of organized civil society. Nonetheless, the continued growth and evolution of these channels appears critical in facilitating the continuous negotiation between classes and interests about the destination of public goods and services.

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List of Abbreviations

AND	CDES' Agenda for National Development
CDES	Council for Economic and Social Development (*Conselho de Desenvolvimento Economico e Social*)
CONASEMS	National Council of Municipal Health Secretaries (*Conselho Nacional de Secretários Municipais de Saúde*)
CONASS	National Council of State Health Secretaries (*Conselho Nacional de Secretários Estaduais de Saúde*)
FBO	Brazilian Budget Forum (*Fórum Brasil do Orçamento*)
GDP	Gross Domestic Product
HDI	The United Nation's Development Program Human Development Index
IPRS	SEADE's State Index of Social Responsibility (*Indice Paulista de Responsabilidade Social*)
IPVS	SEADE's State Index of Social Vulnerability (*Indice Paulista de Vulnerabilidade Social*
LDO	Congress Joint Committee on the Law of Fiscal Framework (*Lei de Diretrizes Orçamentárias*)
LFR	Law of Fiscal Responsibility (*Lei de Responsabilidade Fiscal*)
LFSR	Law of Fiscal and Social Responsibility (*Lei de Responsabilidate Social e Fiscal*)
OECD	Organization for Economic Cooperation and Development
PB	Participatory Budgeting (*Orcamento Participativo*)
SEADE	São Paulo State Research Foundation (*Fundação Sistema Estadual de Analise de Dados*)
SEADS	Secretary of State for Social Assistance and Development (*Secretaria Estadual de Assistência e Desenvolvimento Social*)
SUS	Unified Health System (*Sistema Único de Saúde*)

Chapter 1. Introduction

Even the casual observer of the Brazilian political process of the last few decades will not have missed the constant references to "democracy," "rights," "justice," "citizenship," "participation" and "inclusion" as keywords denoting the guiding principles of public life. In particular, one observes the significance of references to the need to "participate," to condemn past practices and policies of exclusion and simultaneously to affirm it as a necessary activity for the construction of the so-called "*estado democrático de direito*," a unique Brazilian expression designed to emphasize the wish for the creation of the "lawful democratic state," or, "the democratic state of equal rights," since the word "direito" in Portuguese can mean either "law" or "right," depending on the context.

This insistence on participation is at once a measure of the historic popular distrust of politicians and the elites they are said to inevitably favour, and the final conviction that a just and legitimate political process depends very much on direct participation in the exercise of power. The evidence of corrupt practices is regularly reported in the major media.[1]

It is with assertive frequency that words such as "participation" and "participative" appear in constitutional documents,[2] often accompanied in

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[1] A survey detailed in an important newspaper of São Paulo shows that at least 199 out of 5 558 mayors elected in 2000 had their mandates judicially terminated. The reasons were illegal use of public funds (the majority of cases), administrative faults, legal processes and electoral crime. (2004, October 1). *Folha de São Paulo, p. A1, and Caderno Especial, p. 1.*

[2] A quick review of the 250 articles of the 1988 Constitution shows the term appearing in Articles 10, 27, 29, 61, 194, 198, 204, related to participation in health, social assistance and social security planning processes, as well as in popular initiatives in federal, state and municipal legislation. For a more detailed list of statutory obligations to hold public audiences, see the Brazilian Polis Institute. Instituto Pólis. Retrieved February, 2006 from the Polis Web site: http://www.polis.org.br/publicacoes/dicas/dicas_interna.asp?codigo=229

political discourse by qualifiers such as "ample" and "inclusive." As outlined in the next chapter, participation has been given substance through a variety of laws that explicitly mandate the creation of a number of participatory mechanisms to formulate and oversee the application of social policies in virtually all areas of local government. As a result, by 1999, for instance, from a universe of some 5,506 municipalities across the country, 5,425 had health councils, 5,036 had social assistance councils, and 5,010 had education councils.[3] As detailed in chapter three, very often these council memberships are equally divided between government appointees and civil society elected members.

In the broad context of the return to civilian rule and the promulgation of the Constitution of 1988, one of the central developments in Brazilian politics has been the combination of re-democratization of rights and decentralization of powers with a conspicuous role for the politics of participation. Re-democratization took place for the first time in Brazilian history with a wide involvement of most sectors of society. The process of formulation of the Constitution and the final document (but certainly not all its subsequent amendments, as will be examined) meant more than a return to elections and representative government. It outlined a process of government designed to involve permanently the participation of society in key aspects of the administrative and legislative life of the country, particularly in the planning and execution of social policy.

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[3] Eleonora S. M. Cunha and Laura S. Jardim. *Instituições Participativas: Conselhos de Políticas Projeto Democracia Participativa.* Retrieved February, 2006 from the Participatory Democracy Organisation Web site: http://www.democraciaparticipativa.org/Paginas/instituicoes.htm

The right to participate dictated the logic of decentralization of powers, a constitutional transfer that made municipalities responsible for the delivery of services in virtually all areas of social policy, such as health, education, sanitation, social assistance, housing, and public transportation—access to which, for better effect, were all now constitutionally defined as basic rights. This obligation to act to ensure universal access to basic rights, in a participatory context, logically meant granting to municipalities an autonomous status equal to that of the federal and state governments. (Apparently only Belgium has extended this status to its municipalities.) This autonomy is of course limited to the powers assigned to this level of government by the federal constitution, as well as by the normative and regulatory powers assigned to the federal government. Along with the newly acquired responsibilities, municipalities were also assigned various sources of revenue, although in time it has become obvious that these have not proven sufficient to meet all obligations.[4]

However, the distribution of responsibility for various areas of social policy is not clear-cut in Brazil. Perhaps because of the pre-existence of significant human and physical resources and ongoing service commitments at various levels of government, all have retained some level of responsibility in the various areas of social policy. In practice, municipal autonomy, coupled with shared responsibility, has meant that the municipality can bargain under what terms it accepts to take over a service that is being provided by another level of government. The sufficient transfer of fiscal and other resources to induce change

[4] Decentralization was not merely an administrative measure promoted by the federal government and supported by international organizations. It was an "eminently political decision" by members of the Constituent Assembly with significant ties and experience at the municipal level. See Souza, Celina. (2004). Governos Locais e Gestão de Políticas Sociais Universais. *São Paulo em Perspectiva*, 18 (2), 27.

is generally the *quid pro quo*.[5] It is interesting to note, for instance, that while basic health services and equipments nationwide have been transferred in large part to the municipalities, in education there are areas (particularly the Northeast) where all basic education (grades one to eight) is under municipal control, while in other areas (Sao Paulo state, for instance) the State still runs approximately half of the schools. This process known as "municipalization," has proceeded at different speeds for different policy areas, creating a complex offer of services by all three levels of government, as well as private enterprise and non-profit organizations.

As one might predict for a federal state, a series of judicial decisions since 1988 has re-established the primacy of the federal government to set policy and limit the ability of other levels of government not only in policy choices but also in the ability to collect revenue. In the end, decentralization as a policy intended to bring major government social obligations closer to the specific needs and control of the population has been constrained by the needs of the federation to solve its external problems of indebtedness and internal problem of fiscal imbalance.[6]

The objective of the so-called "municipalization" of social services was to magnify power-sharing between elected and elector. However, what is defined as a municipality belies the diversity in this political grouping. There are some

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[5] See Marta Arretche. (2000). *Estado federativo e políticas sociais: determinantes da descentralização.* Rio de Janeiro, Brazil: Editora Revan; FAPESP.

[6] To quote Souza (2004:34) (my translation): "Despite great heterogeneity between municipalities, empirical evidence shows that, on the whole, local governments are in fact substituting the federal government in some functions, while others find themselves in a kind of governmental vacuum, either because of the federal policy of fiscal adjustment or because of a [transfer] policy the lacked [sufficient] incentives to stimulate municipal adhesion."

5,500 across the country, varying in population from two thousand to ten million.[7] The number of municipalities grew by some forty percent in the last two decades, [8] by a relatively easy process of residents of a section of an existing municipality requesting a referendum, which, if won, resulted in a legislated approval.

Today Brazil is approximately eighty-five percent urban. Urbanization, concentrated around state and federal capitals, has exacerbated the well-documented problems of insufficient health, housing, sanitation, education, and security, among others, particularly for the lower-income classes, and acutely so for the absolutely poor. Moreover, there are few instruments for the development of metropolitan regions, although virtually every one encompasses several municipalities. Nevertheless, by virtue of constitutional requirements, all municipalities are endowed with the same attributes and responsibilities regardless of location, size or economic capacity. Currently, more than half rely on financial transfers to meet their basic obligations. In short, when talking about symmetrical responsibilities, in the case of Brazil, it is important to keep in mind the inherently asymmetrical characteristics and capabilities of the actors, whether states or municipalities.

These contradictions have not stopped many municipal executives (mayors) and legislators (councilors) from attempting various innovative approaches to understand and respond to popular needs and wants. Perhaps the

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[7] According to the Brazilian Institute of Municipal Administration, some 2,700 have less than 10,000 inhabitants, and another 1,400 have between 10,000 and 20,000. Only 1,400 have more than 20,000 inhabitants. Of these, however, there are 27 of over 500,000 people, including all the state and federal capitals, some forming the nucleus of large metropolitan regions, such as São Paulo, Rio de Janeiro, Salvador, Recife and Campinas. See Instituto Brasileiro de Administração Municipal. (2001). Retrieved March, 2006 from the IBAM Web site: http://www.ibam.org.br/publique/cgi/cgilua.exe/sys/start.htm

[8] See Brazilian Institute of Geography and Statistics. IGBE Gestao Publica. (2001). A Decentralizacao do Estado e os Municipios. *Perfil dos Municípios Brasileiros,* 17-19, 21.

most extreme "democratic" mechanism yet attempted has been that of Participatory Budgeting (PB) (*Orçamento Participativo* – PB), which, in its most "undiluted" form, has meant inviting and prompting residents to organize themselves by neighbourhoods and areas of the city to make decisions about local investments and to supervise the completion of the projects they have selected. The installation of PB in Porto Alegre (capital of the state of Rio Grande do Sul) is a well-known example, having been in operation for over sixteen years. Meanwhile, an ambitious version of PB in the municipality of Guarulhos (in the State of São Paulo) is investigating how it might place its entire budget (both its sources of revenue as well as potential expenses) under the scrutiny and deliberative power of participative assemblies of citizens.

Certainly PB, even as a general concept, is not the primary model of participatory politics in the Brazilian context. In all of Brazil, there are reports of some 140 attempts at PB, in a universe of over 5,500 municipalities. Clearly, it is a movement which to date has involved only a relatively small number of local governments. Nevertheless, it has been or is present in some very large centers, such as São Paulo, Porto Alegre, and Recife, and for that reason deserves attention. Additionally, PB remains clearly the model inviting the greatest popular participation and social inclusion in at least priority spending in new investments by local governments, and for this reason, is of interest in its relationship to other power sharing models.

PB also originates from protests about injustices in the collection and distribution of public resources, misallocations that contribute to Brazil being commonly recognized as one of the most unequal countries in the world. It

represents a reaction by elected officials—and hence a "top down" process—to the endless cases of clientelism, preferential treatment, and—in its most perverse form—to the suspicion of a corruption comfortably alive at all levels of the public sphere. But, if corruption "rules," it is not obvious why this "reformism" should have occurred at all, much less have succeeded, as Celina Souza, in her study of the limits and possibilities of PB, suggests:

> Why have some Brazilian governments embarked on a policy attempting to "empower the poor" in a country labeled as clientelist, elite driven, lacking a tradition of civic engagement, and moreover historically unequal? Why would local governments increase participation and decision making venues when they already have a congested agenda of unresolved local problems (housing, education, health care, public transport, etc)? Furthermore, why, in a time when individualism and consumption are praised as signs of freedom and liberty, have some politicians adopted policies encouraging cooperation and the pursuit of collective goods destined to social groups historically excluded from the decision-making process? Why, in an era of disillusionment with the political systems and their politicians, have people responded positively to some top-down decisions to "empower" them? Why, in a time in which "exit" is more praised than "voice" has there been a proliferation of participatory policies in Brazil? Finally, at a time when mainstream literature on collective action argues that individuals (politicians, bureaucrats, and voters) are guided by their self-interest, why do collective and individual actors have the incentive to cooperate?[9]

A tentative answer is that the dimensions of this "reformism" are small, despite widely publicized accounts about "best practices" found in the literature from various international institutions such as the World Bank. For example, a study of the State of São Paulo (consisting of some 645 municipalities) by Balcão and Maranhão provides numbers for the dimension of the "movement" as well as for the uncertainty of the process: following the 1996 municipal elections and

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[9] Celina Souza. (2001). *Participatory Budgeting in Brazilian Cities: Limits and Possibilities in Building Democratic Institutions*. N.d. Paper presented for Research Project on Urban Governance, Poverty, and Partnerships funded by UK Department for International Development ESCOR Programme.

during the 1997 to 2000 period, twenty-three municipalities were reported to have inaugurated PB programs. Of these, eleven were said to have discontinued the effort by 2001 either under new mayors or even re-elected mayors of the same party. Nonetheless, another twenty-eight municipalities reportedly became involved in the process under the new term of office starting in 2001.[10] Four years before their study was conducted, Valdemir Pires observed that in spite of a clear advance of participatory discourse in political platforms, the theme did not necessarily gain effective or longstanding space amongst future decision-makers."[11]

Participation is occurring, nevertheless, at various points of the political process in Brazil, although to some it may seem to be of the kind that brings little benefit in overcoming entrenched interests and elites. Indeed, just as important as examining participation *within* the resources open to participation, is analyzing their size and content in light of all potentially available resources.

In the context of these observations, this research focuses on some of the factors that affect incipient participatory political mechanisms and directly or indirectly determine their importance to the political process at various levels, in the current context of consolidation, and therefore definition, of democracy in Brazil. Participation as a municipal process has been studied in considerable depth, but it is certainly not limited to that level. The power-sharing, negotiated

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[10] N. Balcão and Tatiana Maranhão. (2004). Balanço Político e Desafios de Continuidade do Orçamento Participativo. *Instituto Pólis*. Retrieved March, 2006 from the Polis Web site: http://www.polis.org.br/download/84.pdf

[11] Valdemir Pires. (2000). Participacao da sociedade nos processor orcamentarios: a experiencia brasileira recente. Monografia vencedora do V Prêmio de Monografia do Tesouro Nacional (2000), 1°. Lugar/Tema Elaboração e Execução Orçamentária e Financeira. Retrieved January, 2006 from the National Bank of Economic and Social Development (BNDES) Web site: http://www.federativo.bndes.gov.br/bf_bancos/estudos/e0001536.pdf

nature of responsibilities and tasks that emanate, by necessity, from the Brazilian federal model, and cause different levels of elected government to plan and execute various tasks in concert, provides the fundamental justification for these processes to become further embedded beyond the traditional political order. So that, inasmuch as the political system has begun to legitimize itself as one composed, on one side, of the traditionally elected representative supported by a bureaucracy, and on the other, of civil society councils or congregations of various entities[12] that have been given official accreditation and varying degrees of power in order to "accompany" the traditional political process, logic demands that the entire expanded process begin to coalesce into a system.

If so, some important questions emerge: Does this new system exhibit new tendencies or is it simply a more stable, enduring version of the previous? Is having members of civil society involved in decision-making processes significant in and of itself? What difference do the deepened participatory channels make in terms of problems related to inequality and socio-economic inclusion?

I argue that the evolution and gradual expansion of participatory channels, in the context of the new constitutional pact, provide the essential underpinning for profound changes in Brazilian politics. The instances of participation detailed in what follows reveal less about the limits than the potentialities of the model. This investigation shows that a legal basis has been created for a continuous

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[12] Although "…the boundaries between state, civil society, family and market are often complex, blurred and negotiated…", for our purposes civil society may be broadly defined as non-governmental organisations that vary in terms of formality, autonomy and power. Civil society commonly includes community groups, faith-based organisations, employment-related associations and unions, social movements, coalitions and advocacy groups. This definition was retrieved 3 April, 2006 from the London School of Economics and Political Science Web site: http://www.lse.ac.uk/collections/CCS/what_is_civil_society.htm

expansion of participatory mechanisms overflowing the social policy areas, despite the re-emergence of a hierarchical, perhaps authoritarian, structure in Brazilian federalism. Participation has worked to promote a fairer distribution of public goods. The latent conflict is now, therefore, not about the fairness of the distribution, but about the quantity of public goods put at the disposal of the social areas. While the legal pact supports popular control over the allocation of resources, the underlying pact between classes and interests is still in flux and dependent on a process that requires gradually higher levels of confidence between stakeholders. The participatory channels themselves are the channels for negotiating these differences.

In this evolutionary process, the adoption of the 1988 Constitution is fundamental. In the following chapter, I examine the legal basis that it provides for a number of trial steps whereby civil society is inserting itself into various decision-making processes that have been opened up from the top down.

In chapter three, I begin my analysis of the net effect that participatory mechanisms have on the articulation of societal demands through democratic practices by examining the President's Council for Economic and Social Development (*Conselho de Desenvolvimento Economico e Social* – CDES). This is a council that has been labeled ineffective by the media, by political opposition, and even by members of the council. On the contrary, however, keeping in mind its strictly advisory function, I demonstrate that it has served to modify the perception of what topics belong in the domain of civil society consideration. It expanded this domain from purely social matters to the economic issue of macroeconomic policy. This Council, originally conceived as a social policy

body, and even though finally composed with a predominance of the domestic entrepreneurial class, proceeded to hold discussions mainly of an economic nature. Wealthy industrialists debated with representatives of the landless for the first time in an assembly where decisions are based on consensus and not on majority votes. Members of both groups argued jointly with ministers about the damages being caused by high interest rates. The Council offers a platform for economic demands where various forces can link to exert pressure.[13]

I proceed to illustrate the rapid pace of learning in decision-making processes through the Unified Health System (*Sistema Único de Saúde* – SUS) architecture, which involves citizen participation at local, state and federal level. The SUS also exemplifies how civil society can be aided by governmental associations such as the municipal health secretaries, who have become—in my view—allies of the citizens' councils in demanding greater funding for SUS. This is a feedback process which was dependent on decentralization putting service delivery under local responsibility, passing through the stage of increased capability at the local level, leading to the current demands for more funding. It is a virtuous circle, entirely independent of the fact that SUS was created from the top down in this re-emergent model where the central power promotes the "municipalization" of services through fiscal inducements. Thus, the SUS

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[13] In a discussion about the persistently high level of interest rates, some members of President Lula's National Commission raised the question of whether civil society could have representation in an expanded Monetary Policy Committee. The response was that the very small monetary policy committee made very technical decisions based on complicated econometric models and therefore there was no room on the committee for generalists who could become very confused. To which one of the civil society representatives suggested that maybe the President could get rid of the whole committee and buy some software that would give him the same answers. This discussion took place in the 10ª Reunião Plenária do Conselho de Desenvolvimento Econômico e Social – CDES. Tema: Política Tributária e Política de Crédito on 10 November, 2004. Retrieved March, 2006 from the CDES Web site:
http://www.cdes.gov.br/exec/notainformativa/exibe_nota_informativa.php?p=f01200e46c425bdd5bc5f03ce242ed652ad506bba9ac44b2a69ba0b2795d76da07c7d0

experience is immensely important in that it shows an accumulation of forces from a perhaps unexpected source, the professional public service.

In the final section of chapter three, I posit that Participatory Budgeting as a successful practice serves as an alert to elites that there are other, more extreme models of popular decision-making that can be appealed to—should the present experiment not be given the opportunity to work.

In chapter four, I consider some attempts to measure the social deficit. I show that the indexes developed by the São Paulo State Research Foundation (*Fundação Sistema Estadual de Analise de Dados* - SEADE) have managed—perhaps unwittingly—to rebalance the discussion about what constitutes responsibility on the part of the state. In my view, the concept of responsibility has been appropriated by an economic elite, and made to apply solely to the financial sphere. The Law of Fiscal Responsibility, involving balanced budgets and good administrative practices, attained the status of a moral commandment and has been proclaimed as such by this elite. By creating the Index of Social Responsibility, and then the Index of Social Vulnerability, SEADE accentuated the contradiction: if we were to be guided by a law of fiscal responsibility, should we also not have a law of social responsibility? Could the state be more responsible for price stability and the welfare of creditors who abhor inflation, than for social stability and the welfare of uneducated children or the sick? If for practical reasons the fiscal had to be attended to first, in what foreseeable time frame could the state be expected to fix "the social"? The SEADE indexes brought the contradiction of the "half law" into sharp focus.

In this context, the constitutional amendment 29/2003 proposed by Senator Lúcia Vania[14], which has been transiting through the Senate for almost three years and is now approaching a vote, opens the door for the movement to replace the Law of Fiscal Responsibility with the Law of Social and Fiscal Responsibility. This last process that I detail is the result of a network of civil society organizations allied under the banner of the Brazilian Budget Forum (*Fórum Brasil do Orçamento* – FBO).

It is difficult, in my view, to suppose that all of this could have taken place without a political disposition to experiment with a constitutional pact that repeatedly invokes popular participation. I assert that there is an ongoing process of expansion of what is considered the proper sphere of popular participation, and that participatory channels provide the important mechanism for negotiations between classes and interests.

The condition of backwardness which Brazilians themselves so derogatorily and offhandedly assume is deceptive. It is a massive society of continental proportions where slums abut regal dwellings, where judicial sentences can be appealed *ad infinitum*, but also where 180 million people vote and trustworthy results are delivered in a matter of hours. The participatory channel is a political invention mediating between this backwardness and visions of the modern democratic state.

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[14] See Lúcia Vania. Projeto do Lei de Responsibilidade Social. [Electronic Version]. Retrieved April, 2006 from the Brazilian Senate's Web site: http://www.senado.gov.br/luciavania/PEC29_2003.pdf

1.2 Growth, Containment of Expenses, and Access to Benefits from Social Programs

There is a real question, nonetheless, about the degree to which organized civil society have targeted some of the areas that seem most in need of attention for the purpose of remedying structural problems of inequality in Brazilian society. This work does not have the scope to survey all the major problems, nor all the major movements and organizations. I restrict myself to a general review of some fundamental problems, and relate these to the participatory channels and popular representations that are examined in more detail in the ensuing chapters.

Table 1.1 below helps in visualizing some of these problems. There has been a persistent problem of insufficient economic growth in Brazil that has caused an increase in indebtedness as well as government revenue, in absolute terms as well as a percentage of Gross Domestic Product (GDP). The very recent results (2004) reflect the improvement in growth, particularly because of exports, and the decrease in net debt, due to renewed growth, the lowering of the prime rate (the Selic in Brazil), and the accumulation of reserves from the surplus.

Although the figures in the chart show only the lowest prime rate, for any given year, and do not show the extent to which these have varied over even a few months, the tendency to lower rates is obvious. These rates affect the level of the debt, of course, since approximately half of it is indexed to the Selic. The surplus, in turn, provides the investor with greater assurance of government capacity to fund the debt, and also helps to reduce the need to offer a higher rate of interest. On the whole, the prevailing international environment of high liquidity and strong international trade has been favourable to Brazil.

Table 1.1. Changes in GDP (per capita) / Prime Rate (best month) / Public Debt as Percentage of GDP / Government Revenue (all levels) / Social Programs / Surplus

Year	% Change in GDP per person	Lowest Prime Rate* (Selic)	Net Public Debt as % of GDP	Gov Rev (in R$ billions) (all govts)	Gov Rev as % of GDP	Federal Social Spending (in R$ bil)	Federal Surplus (in R$ bil)
1995	2.6		31.1	192.330	29.8	77.267	
1996	1.1	21.73	30.1	225.650	29.0	90.468	
1997	1.7	19.04	33.4	252.810	29.0	100.827	
1998	-1.4	19.25	37.8	271.752	29.7	111.216	
1999	-0.7	18.87	50.4	308.920	32.5	123.790	25.053
2000	2.8	15.76	49.6	358.14	32.6	140.768	21.821
2001	-0.2	15.19	52.0	407.108	34.0	162.343	21.979
2002	0.4	17.86	57.3	479.368	35.6	186.266	31.919
2003	-0.9	16.32	56.6	543.140	34.9	215.658	38.744
2004	3.7	15.79	54.9	634.390	35.9	251.389	52.385

* Merely the lowest rate in the period, with significant variations over the year.

Sources: Brazilan Central Bank (Banco Central); Brazilian Secretary of Federal Revenue (Secretaria da Receita Federal); Brazilian Ministry of Agriculture and Farming (Ministério da Fazenda); Brazilian Department of Administration and Finances (DEAFI); Brazilian Secretary of Federal Budget (Secretaria de Orçamento Federal); Brazilian Ministry of Planning (Ministério do Planejamento).

Nevertheless, the continued relatively high level of interest rates provides a focus for protests from several social movements as well as organizations representing commerce and industry. A major argument is that the level of rates in Brazil continues much higher than in other emergent economies. This policy, both groups contend, reduces growth by constraining new business and social investment. The surplus is targeted by civil society in particular, on the basis that it represents dead resources sitting in a government cash account.[15]

[15] See the detailed Fórum Brasil do Orçamento publication *Superávit Primário.* (2005). (3rd ed.) [Electronic Version]. Retrieved April, 2006 from the FBO Web site: www.forumfbo.org.br

The surplus, as discussed below, results directly from the Law of Fiscal Policy, enacted in 2000, which, in addition to establishing a budget surplus (which has grown to 4.25 percent of revenue by 2005), has disciplined spending by prohibiting any deficit-based spending, and determined strict limits on government borrowing. The Law of Fiscal Responsibility has been controversial since its inception, but criticisms have largely subsided if for no other reason than that basic accountability for expenses had to be established in the thousands of municipalities (and states) that operated fictitious budgets with little relationship between receipts and expenses.[16] However, as much as it is lauded for imposing some order in public finances, its draconian measures elicit protest; and, more significantly, it begs the question of the salience of the law of social responsibility.

Two other immensely important structural problems would seem to merit the attention of social movements: the inequities of the tax system, and the distribution of resources in the budget of social programs. In both cases, current practices cause significant concentration of resources in the hands of the better off, and work against redistribution of income.

In the case of the tax system, Table 1.1 shows the steady growth in revenue. The major growth area of revenue is from taxes on consumption, while owners of capital and property receive preferential treatment. The current value-added tax suffers from extensive tax avoidance. While Congress has failed in

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[16] There were federal rescue packages for states and municipalities in 1985, 1987, 1989 and 1992. See Dívida dos Estados com a União aumenta R$67,8 b. (2002, November 10). *Folha de São Paulo*, p. A4. For a more detailed review of attempts at long-term stabilization policies, see, for instance, David Samuels. (2003). A Economia Política da Reforma Macroeconômica no Brasil, 1995-2002. *Dados*, *46* (4). [Electronic Version]. Retrieved February, 2006 from the World Wide Web: http://www.scielo.br/scielo.php?script=sci_arttext&pid=S0011-52582003000400006&lng=en&nrm=iso&tlng=pt

twenty years to revise the tax structure to any significant degree, an eminently effective proposal for a small (two to four percent) flat tax on financial transactions (the Single Federal Tax), to replace a number of consumption taxes, seems to receive little attention from civil society. In a recent report to the Federal Chamber of Deputies, tax specialists have described the iniquities of taxing principally consumption, as follows (my translation):

> ...the Brazilian tax on consumption, exorbitantly abnormal by any international comparison, is strongly regressive, sacrifices the poorest strata of the population and is **directly responsible** [my highlight] for the extreme inequality that shames Brazil in official multilateral evaluations about human development indices...This analysis...illustrates the blind spots in the solutions conceived by **various segments and social actors** [my highlight] involved with tax reform.
>
> A comparative analysis of the make up of the tax structure in industrial countries...attests to the fact that Brazil departs markedly from the profile observed in OECD countries. Our property tax should be multiplied by two or three to approximate it to European, US and Japanese levels. A progressive income tax is predominant in these countries, representing nearly two-thirds of tax receipts, the inverse occurring in Brazil, where a regressive tax on consumption is prevalent.
>
> A contrary diagnosis [different from that circulating in the Congress to unify various consumption taxes] emerges from this, according to which our tax reform, instead of focusing on the creation of a super tax on consumption, should cause the extinction of consumption taxation, and [lead to] investment in massive taxing of personal income. The focus of tax reform should be on the progressive and redistributive taxation of income, of capital, of real property, and the unburdening of tax on work, production and consumption.[17]

Table 1.1 shows also the explosion of federal spending on social programs. Just as on the revenue side, in the case of the distribution of the federal social budget, the literature on the unfair distribution of these resources is not difficult to find. Camargo[18] documents rather well the problem. He points out

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[17] Paulo E. Rangel and Joao da Silva Medeiros Netto. (2003). Histórico de Reformas – Reforma Tributária: Noticia sobre oito anos de trabalhos no Âmbito da Câmara dos Deputados. Brasília: Câmara dos Deputados.

[18] José Márcio Camargo. (2004). Política Social no Brasil: Prioridades Erradas, Incentivos Perversos. *São Paulo em Perspectiva, 18* (2), 68-77.

that the federal government expenditure of some R$200 billion in social programs ought to be more than sufficient to completely eliminate poverty in Brazil if it were possible to identify exactly who is living in extreme poverty and to design a program of financial transfers to them. Such a program, he contends, ought to cost no more than four percent of the current social budget. This is not happening, he explains, because, first, R$125 billion of that budget goes to retirement pensions for 5.85 percent of the population 65 years of age or more. In relation to GDP, countries such as Korea, Mexico, Turkey, with similar old-age populations, spend half as much as Brazil. For Brazil, this expenditure represented twelve percent of GDP in 2003.

Second, of the R$10 billion of that budget allocated to Social Assistance, some R$5 billion go to the aged. Third, to educate 50.2 million children fourteen years old or younger, or almost thirty percent of the population, governments *at all levels* spend R$42 billion, or 3.6% of GDP. Of this amount, the federal contribution was R$1.3 billion, the rest originating from state or municipal budgets.

Camargo concludes that the federal social budget is not simply pro old age, it is decidedly anti-youth and anti-poor. The under-funded public school system exemplifies the problem. While forty-three percent of the students in the public elementary educational system come from the poorest forty percent of the population, only less than two and a half percent from this group qualify to enter the public higher education institutions of the country. Some ninety percent of students in these tuition-free universities come from the forty percent wealthiest group. The public elementary schools are so mediocre the students they graduate

cannot compete in the entrance exams with students who have attended private schools.

Camargo sums up the general problem of social transfers as follows: (my translation)

> ...while the poorest ten percent receive on average R$391 (reais) in government transfers, the richest ten percent receive R$8,177. ...of the five government transfer programs, only the minimum income program, which includes school grant, food grant, the child-citizen grant, and support for the aged...give priority attention to the poorest.[19]

Along the same lines, in discussing the importance of government increasing rapidly the minimum wage to make up for some fifty years of repressive practices against salaried workers, a recent study states that Brazil, (my translation)

> although situated amongst countries with medium per capita wages, all the indicators show an enormous inequality in its distribution. Based on this, one can say that Brazil is not a poor country, but rather a country of many poor people.[20]

And later in the same report,

> An exercise elaborated by CEPAL (2004) demonstrates that if you exclude from the analysis the richest 10%, Brazil, with 160 million people, would be the country with the greatest equality in Latin America, ahead of Uruguay.[21]

The enormity of the structural problem of inequality in Brazil, therefore, is intimately tied to wages, to the paying of taxes, as well as to the distribution of the revenue. It is with this disheartening awareness that this thesis evaluates the impact of the existence of participatory channels in recent Brazilian democratic practice.

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[19] Camargo (2004), 72.
[20] Departamento Intersindical de Estatística e Estudos Socioeconômicos. (2005, October 6). *Salário Mínimo e Distribuição de Renda. Nota Técnica No. 6.* p. 1. [Electronic Version]. Retrieved March, 2006 from the DIEESE Web site: http://www.dieese.org.br/notatecnica/notatecSMDR.pdf
[21] Ibid., p. 3.

Chapter 2. The Legal Framework for Participatory Channels in Brazil

This chapter details some important legislation that legitimizes civil society participation in government for the purpose of affecting policy and implementation. It demonstrates the legal basis for gradual and continuous expansion of participatory channels.

2.1 Legislation at the Federal Level

The recent history of participatory politics in Brazil gained significant visibility with the process of constitution-writing between 1986 and 1988, following the return to civilian rule in 1985. In an unprecedented event, the Constituent Assembly adopted rules allowing submissions from civil society provided each proposal had the support of at least three civil entities and had been subscribed to by 30,000 voters. On this basis, during the work of the Assembly some 160 proposals were submitted containing the signatures of some twelve million voters. Submissions dealt with themes as diverse as public participation, workers' rights, urban reform, agrarian reform, rights of first nations, children's rights, education, health, and the rights of black peoples. The constitutional provisions about urban policies result directly from these public proposals.[22] Some sixty percent of all public submissions were accepted and appear in the Constitution of 1988.[23]

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[22] Nelson Saule Júnior. (2002). Marco Legal da Participação Popular no Brasil. p.1. [Electronic Version]. Retrieved March, 2006 from the World Wide Web: http://72.14.203.104/search?q=cache:pNpQM-KFkHQJ:www.logolinkla.org/conteudos/documentos/nelson_saule.pdf+Saule+J%C3%BAnior,+Nelson+(2002)+Marco+Legal+da+Participa%C3%A7%C3%A3o+Popular+no+Brasil&hl=en&gl=ca&ct=clnk&cd=2

[23] Cunha and Jardim. Conselhos de Políticas. Retrieved 10 February, 2006 from the Participatory Democracy Organisation Web site: www.democraciaparticipativa.org

Because the Federal Constitution required states and municipalities to elaborate their own constitutions, a similar process of public submissions occurred during the formulation of the constitutions of the states in 1989, and of the municipal organic laws in the same or subsequent years.[24] The Constitution gives explicit form to the Brazilian mixed model of representative and direct democracy, through specific provisions for public participation in the exercise of power:

1. Article 1 determines that power emanates from the people and is exercised directly and indirectly through its elected representatives.[25]
2. Article 14 determines that popular sovereignty is exercised by universal suffrage, by single and equal direct and secret vote; and, according to regulatory law, by plebiscite, by referendum or by popular initiative.[26]

Following is some additional landmark federal legislation involving participatory mechanisms:

1. Legislation setting out environmental policy (Law 6938 of August 31, 1981, known as *Lei sobre Política Nacional do Meio Ambiente*) established a National Environmental Council (*Conselho Nacional do Meio Ambiente*), which has been in operation for some twenty-five years,

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[24] Saule Júnior. (2002), 1. It should be noted, however, that the number of cases in which state governors vetoed various participatory provisions on the basis of unconstitutionality by virtue of invasion of executive privilege.

[25] Brazilian Constitution (1988). Article 1.

[26] Brazilian Constitution (1988). Article 14. However, no regulatory law has yet been passed setting out the specific criteria and procedures to be used by the Electoral Justice system for the use of these instruments at the municipal level, and therefore these instruments remain unutilized at that level. See Saule Júnior. (2002), 10.

and is composed in equal parts of government and civil society members.[27]

2. Legislation setting up the Unified Health System (Law 8080 of September 19, 1990, and 8142 of December 28, 1990, known as the *Leis Orgânicas do Sistema Único de Saúde*), institutes federal, state and municipal health councils, with members representing civil society elected by delegates from those organizations participating in the national, state or municipal conferences.[28] Previous to the 1988 Constitution, public health services were offered only to workers registered in the formal economy.[29]
3. Legislation setting up child and adolescent protection and support (Law 8069 of July 13, 1990, known as *Estatuto da Criança e do Adolescente*) institutes national, state and municipal councils with parity in representation between government appointees and civil society-elected members.[30]
4. Legislation on social assistance (Law 8742 of December 7, 1993, known as *Lei Organica de Assistência Social*) institutes the decentralized and participatory system of social assistance with councils at the federal, state and municipal levels with equal membership from government and society.[31] The Ministry of Social Development handles safety net programs related to income transfer to poor families conditional on children's attendance at school, subsidies for food and nutrition, subsidies

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[27] See Brazilian Ministry of the Environment Web site: http://www.mma.gov.br/port/conama
[28] See Brazilian Ministry of Health Web site: http://www.conselho.saude.gov.br.
[29] Ibid.
[30] See Brazilian Ministry of Social Development and Hunger Combat Law Archives Web site: http://www.mds.gov.br/Leis08.asp
[31] Ibid.

for cooking gas, as well as lifecycle programs targeting young children, adolescents, families, and the aged. A variety of councils function in each of these areas with civil society parity participation, and the setting up of equivalent councils at the municipal level is a pre-requisite for transfer of program control and funds to lower levels of government.

5. Legislation on the social control and development of urban settings (Law 10257 of July 10, 2001 known as *Estatuto da Cidade*) regulates the terms of the federal constitution regarding urban policy by elaborating on policies for the participatory management of the city. The National Urban Development Council (*Conselho Nacional de Desenvolvimento Urbano*) was instituted by Provisory Measure 2220 of September 4, 2001.[32] The *Ministério das Cidades*, created in the current administration, is responsible for urban development policies as well as sectoral policies related to housing, sanitation, urban transportation and traffic. A 2003 national conference involved 2,500 delegates from all states, including delegates from civil society. This national conference was preceded by 1,430 municipal and 150 regional gatherings. Subsequently, based on proposals formulated at this conference, a Council of the Cities (*Conselho das Cidades*) was instituted by presidential decree (Decree 5031 of Abril 2, 2004) as a deliberative and consultative body operating as a collegiate organ within the Ministry of the Cities with the mandate to propose frameworks for policy formulation and implementation as well as to

[32] Cited by Saule Júnior. (2002), 3. However, this council was almost certainly replaced by the *Conselho das Cidades*.

monitor and evaluate their execution.[33] The second national conference, in late 2005, focused more precisely on the themes of participation and social control; the federal question; regional urban politics; and urban development financing.[34]

2.2 Legislation at the State Level

Because under the Constitution the states share responsibility for most areas of social policy and implementation, they have also been obliged to institute councils in areas such as health, children and adolescents, social assistance, environment, water resources, public safety and human rights. In response to Law 8742/1993, for instance, the State of São Paulo instituted several councils operating under the office of the Secretary of State for Social Assistance and Development (*Secretaria Estadual de Assistência e Desenvolvimento Social* - SEADS):

a. CONSEAS-SP (*Conselho Estadual de Assistência Social*) is a deliberative, parity-based organ charged with monitoring implementation of Law 8742/1993 and responsible for the application of resources of the state social assistance fund (*Fundo Estadual de Assistência Social*);

b. CONDECA-SP (*Conselho Estadual dos Direitos da Criança e Adolescente do Estado de São Paulo*) dates from 1992 and is a deliberative, parity-based organ, responsible for monitoring the implementation of policies related to supporting the rights of

[33] Brazilian Presidential Decree. (2 April, 2004). *Decreto Nº. 5031, de 2 de Abril.*
[34] Ministerio das Cidades. (27 June, 2005). Press Release.

children and adolescents, including giving assistance to the municipal councils that now exist in virtually all municipalities of the state. It is also responsible for supporting the efforts of the municipal Tutelage Councils (*Conselhos Tutelares*), which supervise children whose rights are threatened because of either private or public actions. The tutelage councils are municipal organs made up of community members elected by the community.

c. CONSEA (*Conselho Estadual de Segurança Alimentar e Nutricional Sustentável*), created in 2003, has a consultative mandate on issues related to the quality and quantity of publicly-funded school meals, meals at accessible prices for workers at commercial restaurants, access to milk for poor families, access to work and income, and school success. CONSEA's fifty-four-member council is derived two-thirds from civil-society.

The SEADS also participates as a member in innumerable other state councils, some of which are linked to other state secretariats. Refer to Appendix I for a list appearing in the SEADS website in 2006 that illustrates the quantity and diversity of these participatory organs.

Recognized as necessarily belonging to the state-level legislative domain, activities that transcend municipal borders, such as interurban transportation, water supply, and sewage, have led to the creation of metropolitan region development councils composed of members appointed by local governments as well as civil society. In the State of São Paulo there are some metropolitan councils already operating, as well as a host of informal regional connections.

However, these entities do not have the constitutional status accorded municipalities, and, indeed, little enabling legislation has arisen from the Constitution to deal with important issues of the large metropolitan regions.

2.3 Legislation at the Municipal Level

In reviewing the hierarchical (and somewhat anarchic) concatenation of powers of the Brazilian federal structure, it is important to understand the shared nature of social policy jurisdictions inherited and maintained—albeit modified—by the Constitution. It bears repeating that decentralization did not mean that municipalities were required to assume full responsibility for areas over which they had gained increased constitutional jurisdiction. Similarly, the Constitution did not empower other levels of government to vacate services they were traditionally performing. As a result, transfers of levels of responsibility have been the result of negotiations; in the case of health services and education programs, for instance, Arretche has demonstrated that the primary motivator for the changeovers has been the level of financial inducements offered by the higher level of government, particularly the federal government. At the same time, municipalities have continued to supply services that they claim properly belong to other levels of governments. In fact, through a process of creeping downloading of their obligations to the municipal level, it is estimated that about half of the São Paulo municipalities commit more than all their locally-collected revenue to support these services.[35]

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[35] François E. J. de Bremaeker. (2003). As Finanças dos Municípios do Estado de São Paulo 2002. Rio de Janeiro: IBAM. 2003. p.24. Both federal and state governments claim inability to maintain various services due to the small population of many municipalities, and threaten to remove them

Based on specifics mandated by Articles 29 and 30 of the Constitution as well as subsequent federal legislation regulating municipal government, municipalities have written their own constitutive organic laws (*leis organicas*) defining their own political and administrative organizations. Most municipal "constitutions" repeat practically verbatim the commands of the Federal Constitution ordaining separate executive and legislative organs and processes of public administration and legislation. Public participation occurs in the context of councils, public audience and consultation, city conferences, popular initiative, plebiscites and referenda, and, finally, Participatory Budgeting.[36]

Of these instruments, an important distinction ought to be made between those that have a permanent from a transitory existence. Councils and Participatory Budgeting organs necessarily persist over time, while the others tend to be transitory, generated by specific events such as budget-approval season or important questions that appear from time to time.

With respect to councils, although parity may be required in some areas, the municipality can define if a council will come into existence by mayoral decree or by municipal legislation, and whether members will be appointed or elected from their own constituencies or civil society organizations. Similarly, neither the Constitution nor enabling legislation is particularly clear on the meaning of deliberative or consultative, and the degree to which mayors, the

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if the municipality chooses not to support their presence. Services include upkeep and maintenance of their facilities, ceding of municipal teachers to the state schools, meals and transportation to all students, etc.

[36] However, popular initiative and referendum processes have not yet been regulated in federal enabling legislation, so that no municipality has had to implement legislation in this area.

bureaucracy, or legislators are required to abide by council decisions.[37] In practice, it appears that if a council is granted deliberative powers, it is made up of equal government-civil society members; if consultative, it tends to be appointed.

In cases where federal and state funds flow directly to the municipality for a specific purpose (health or education, for example), if councils are mandated as operators of these funds, they are equipped with deliberative and equal membership characteristics. However, even when a council appears fully empowered to manage a specific thematic portfolio, it is questionable whether it can operate freely and without undue influence if it does not have sufficient administrative support in the form of technical information and facilities in which to operate.[38]

Participatory Budget processes represent a significantly different level of public participation from councils, in that they involve large numbers of the public making decisions about all or significant portions of the discretionary investment budget of the municipality. They also imply that both the executive and legislative branches of government should refrain from their traditional roles of budget proposal and amendments. In essence, PB approaches direct democratic governance, which, by its own logic, makes the intervention of elected representatives largely unnecessary if not inappropriate. In practice, it presents different challenges to mayors and the executive bureaucracy, on the one hand,

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[37] According to 1999 IBGE sources cited, of some 5,500 municipalities, practically all had established councils for health, social assistance and education; about 4,000 had child and adolescent councils; 1,669 had work and employment councils; 1,176 had environment councils; 858 had tourism councils; 439 had housing councils; 228 had councils for public transportation; and only 188 had urban policy councils. See Cunha and Jardim. (2006).

[38] Silvio Caccia Bava. (2004). Participação para quê? Retrieved 14 February, 2006 from the Polis Web site: http://www.polis.org.br/artigo_interno.asp?codigo=54

and legislators on the other. Mayors adopting this practice require considerable administrative support in order to institute the public forums for discussions by a large number of participants. The bureaucracy and its technocrats need to respond to a new planning structure. Legislators face the potential loss of an important role of reviewing and amending public works and budget proposals for the benefits of their constituents. Not surprisingly, it can also present a challenge to civil society organizations that have established themselves thematically (health, for example) and as organized lobbies, which must now compete with another forum based on a territorial distribution of public goods and services.

Public audience and consultation, city conferences, popular initiative, plebiscites and referenda occur in the form of punctual interventions in the public domain. Additionally municipal organic laws must define which questions may be the objects of plebiscite or referendum, what legislative measures require public audiences, and how popular initiative may be employed.[39]

By giving additional regulatory substance to the constitutional attributes of municipalities, the Statute of the City (2001) is a critical legal landmark in defining tasks and providing additional tools for municipalities to act to effectively control the development of their territory for the social benefit of all residents. As discussed, municipalities had already begun to create their own enabling legislation, resulting in the fundamental organic law ordaining independent executive and legislative bodies (a prefecture and an assembly), and a series of participative councils, in many cases with significant deliberative powers, linked to organs of the executive power, and in many cases competing

[39] As discussed, the administrative provisions for some of these actions rest with the federal power and as yet remain incomplete.

with this executive to set policy directions and the application of public funds. Insofar as these councils could also claim greater legitimacy as representatives of the people, they could also mobilize opposition to legislators whose mission was also to propose actions and to vote budgets.

After 2001, with the Statute of the City, municipalities were also required to create detailed *planos diretores*, or urban development plans, and to legislate the various instruments of control that that law had put at the disposal of the municipality. The Statute also mandated, however, that the very process of drawing up of the *plano diretor* had to be done as a participatory process involving all elements of the city. Furthermore, the very mechanisms of control established under the plan were required to have participatory characteristics.

At least in theory, therefore, Brazilian municipal governance appears to be structured as a traditional system of separate, directly elected executives (mayor, who appoints administrators) and legislators (assembly of councilors), to which has been appended a variety of councils composed of citizens (presumably elected from civil society or from the public at large who opt to go to special election meetings) and government appointees. In its most ample form, these councils may have deliberative powers, the ability to set policy and goals, budget control, and the right to monitor executive and legislative action.

Saude Júnior proposes a number of issues worth noting, affecting the legitimacy and operational scope of participatory councils:[40]

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[40] Saude Júnior. (2002), 5-7.

1. *Whether councils are instituted by legislation or by mayoral decree.* In one case councils acquire the right to a continued existence; in the other, they are subject to outright termination by the next administration. If instituted by law, councils tend to acquire not only legitimacy but also more clarity in their mandates relative to other organs of public administration.
2. *Whether councils are an integral part of an organ of public administration.* If integrated, councils need not be hierarchically subordinated in their functions and can benefit from the administrative support necessary to function effectively. Conversely, a council that is disconnected from the administrative organ it is designed to monitor, on the basis of retention of independence, is likely to be technically and bureaucratically isolated and ineffective.
3. *Whether a council's deliberations truly encompass the concerns of all socio-economic groups.* Although council membership may be balanced between government and society, it is likely that civil society members will come from organized groups belonging to middle income or even more affluent layers of society. Thus, special attention is needed to ensure a voice for more disadvantaged groups.

An article by Luciana Tatagiba[41] details the innumerable creations and extinctions of councils in the City of São Paulo in the last fifty years. She alludes to the fragility of councils, particularly in their capacity to initiate innovative

[41] Luciana Tatagiba. (2004). A Institucionalização da participação: os conselhos municipais de políticas públicas na cidade de São Paulo. In Leonardo Avritzer (Ed.), *A Participalçao em São Paulo* (pp.323-370). São Paulo: Editora UNESP.

public policy.[42] The legal markers, she feels, are not clear enough to empower councils to any significant measure, requiring that effective interaction of councils and administration be worked out in each important decision process. Otherwise, councils can be isolated, retaining only a formal, mandatory existence in the face of insufficient correlation of objectives and interests. Tatagiba concludes that councils can influence the decision process with the department they are linked to only to the extent that they establish strong links to various strategic actors—such as other municipal departments, the entire bureaucracy, the local legislators, the media, and political parties. In this sense, the successful institutionalization of participatory channels makes the process inherently more complex, requiring that councils establish clear senses of their own identities and position in a field with many actors.[43]

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[42] Ibid., 365.
[43] Tatagiba. (2004), 366-367.

Chapter 3. Participation in the Council for Economic and Social Development, in the Single Health System, and in Participatory Budgeting

This chapter explores participatory models through three contrasting examples. The first case examines what is considered the most important council in the country, the President's Council for Economic and Social Development (CDES). Membership in this council endows a citizen with a special prestige. One gets to meet with the President and ministers of state every other month, as well as to meet regularly for serious and substantive discussions with some eighty-nine other important opinion-makers who are co-councilors. This is the consultative council that the President and the senior circles of government have promised will be listened to about all the major issues.

The second instance examines the web of health councils and related organizations that govern the development of the most important social policy area of the country, to which is devoted yearly sums approaching forty billion reais (about twenty billion dollars), the single biggest state expenditure after pensions and payments on the debt. This chain of councils, from municipalities to states, to the national health council, represent participatory efforts by thousands of unpaid civil society participants as well as a giant structure of civil servants at every level. Its one important mission is the construction of a health system that is managed at the municipal level of government, that is, by the 5,506 municipalities of the country, that is universal, and that evolves within a set of rules that is established nationally by the concerted action of the three levels of government and civil society.

Interestingly, the President's Council, through two years of operation and fifteen plenary meetings, has yet to dedicate a full meeting specifically to the

health area. Neither has it focused on education or social assistance programs. Virtually all of its concerns have been with the economic area, and health is not even mentioned in its definition of the large problems facing the country.

Finally, I look summarily at localized efforts at Participatory Budgeting (PB). PB is primarily a municipal executive's administrative option as to how the municipality's discretionary budget will be divided between projects. PB counts with no specific legal foundation, and, when implemented, it is by local laws setting out how a municipal administration will fulfill the city's responsibilities.

3.1 The Council for Economic and Social Development

Upon taking office in January 2003, one of President Luiz Inácio Lula da Silva's first actions was to institute the Council for Economic and Social Development (CDES). The CDES is a national council made up of some ninety appointed notables from all spheres of society as well as the twelve most important ministers of state. This Council, often referred to in Brazil as the *Conselhão* (the Big Council), was charged with the task of providing critical reviews and recommendations for major national policies. In a provocative call to action, the President spoke to the Council in 2004: (author's translation)

> If you came here only to say nice things about the government, you made a mistake. If only to criticize, you were also mistaken. If only to complain, even more so. This Council—it was said to you at the outset and I repeat it now—is the first time that organized civil society, through its entities from instances as varied as they exist, has the opportunity to

> propose the kind of Brazil that we all want, and the kinds of things that we can do in this country.[44]

The CDES is an adaptation to Brazil of a model of negotiating forum already functioning in various European countries and in South Africa.[45] It is not the first Brazilian experience with this kind of council. The first significant instance dates back to the middle of the nineteenth Century (the Imperial Council of State), followed by various similarly denominated bodies since the 1940s. However, the expansion of participation to workers, as a class, as well as to movements and associations remonstrating against a variety of exclusions based on gender, ethnicity, sexuality, or homelessness, is the central characteristic of CDES. In fact, the composition of CDES closely reflects the origins of members of Congress: forty-one are from business, thirteen from labour unions, eleven from social movements, ten from unattached "notables," three from class entities, two from culture, two from religion, and seven from the North and Northeast regions of the country.

The President of the Republic is the president of the Council, which operates at two levels. A Plenary of all members meets every two months, with the President and ministers in attendance. Members also participate in thematic

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[44] Original text: "*Se vocês vieram aqui só para falar bem do Governo, erraram. Se vieram aqui só para falar mal do Governo, erraram. Se vieram aqui só para se queixar, erraram mais ainda. Este Conselho – foi-lhes dito no início e vou repetir agora – é a primeira vez em que a sociedade civil organizada, através das suas entidades e das mais diferentes instâncias em que ela se organiza, tem a oportunidade de dizer o tipo de Brasil que a gente deseja, e o tipo de coisas que podemos fazer no país.*" Speech by President Luiz Inácio Lula da Silva, during meeting of the *Conselho de Desenvolvimento Econômico e Social* at Palácio do Planalto. 11 March, 2004. Retrieved 26 February, 2006 from the CDES Web site: www.cdes.gov.br

[45] See, for instance, Sonia Fleury. (2005). O Conselho de Desenvolvimento Econômico e Social do Governo Lula. p.2-3 Retrieved February, 2006 from the CDES Web site: www.cdes.gov.br

groups that meet as often as the members involved are willing. The Council relies on a permanent secretariat, and a Minister of State coordinates the work of the Council. The resolutions, recommendations, and suggestions produced by the Council are directed to the consideration of the President. Specific projects of reform or policy are debated first in the Thematic Groups and subsequently taken to the Plenary. From the first the Council adopted a policy of decisions by consensus rather than by majority vote, a procedure amply supported by the social movements based on their minority membership position.

The Council's agenda, which has evolved over time, combines themes proposed by the Government, with presentations by ministers and propositions by Council generated from its work groups, with debates and development of positions. Since August 2005, the agenda has been correlated to the objectives and policy directions of the *Agenda Nacional de Desenvolvimento*, a detailed set of national objectives and policies formulated by the Council.

The debate process, first in the Thematic Groups, and later in the Plenum, is amply supported by resourceful intermediation of the Secretariat, which brings in expert help and facilitators, ensures all points are presented, criticized and defended adequately, proposes where convergences are occurring, and produces complete transcripts of all debates.

In both instances, consensus is defined as that situation where all councillors approve of the deliberated proposal. Otherwise a deliberation may be carried forward with the description of "recommended by a majority" or "suggested by a minority."

In the first year of operation, the Plenum approved "Letters of Concert," or consensus, which also included partial recommendations and suggestions. Later reports seem much briefer and devoid of the detail of the first year.

Tarso Genro, the first minister responsible for coordinating the CDES, characterized the composition as "the formation of a new guiding block for the country, that will search for commonalities, even while maintaining different strategic interests."[46]

To Fleury, an active participant in the Council, this composition represented a "project of power" that failed. Councils that pre-dated re-democratization she describes as being composed of "industrial modernizing sectors, traditional oligarchies and speculative capital." The new membership, in contrast, represented an array of "vast middle sectors (the industrial bourgeoisie, labour unions, social organizations and movements, intellectuals)."[47]

The failure she ascribes to a series of factors. One was the government's failure to demonstrate any desire to change the basic economic policy it inherited, grounded on its emphasis on stabilization through tight money and high interest rates, a policy inimical to domestic industry. Another was the historic subservience of domestic industrialists as traditional recipients of government largesse, fragmented into innumerable sectors, and never capable of organizing themselves for the purpose of developing a rational plan for industrial development. This patron-servant relationship began to break down only after the

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[46] Fleury. (2005), 3. Quoting from an interview the Minister gave to Bob Fernandes of *Carta Capital* in May, 2003.
[47] Fleury. (2005)

market liberalizations of the 1990s when government privatized its enormous public companies and the smaller industrialists were forced to fend for themselves. Yet another is that these same industrialists, despite contradictory interests, prefer to align themselves with the financial community that they know rather than the new radical partners that they don't know. Finally, they distrust government because of past accords not kept, and even more so a new government which has placed various union leaderships in positions of power.[48]

And Fleury does not stop there: (author's translation)

> However, in this short experience of the CDES, the barrier that seemed irreducible was related to the need to recognize the leaderships born from social movements as an integral part of this amplified public sphere. The intolerance of the economic elites to the social movements, seen as bothersome elements in this forum, impeded the construction of a more ample alliance. Representatives of the Landless [Sem-Terra], the Black Women, when they placed their demands or questions to the authorities, from their social locus, were always seen as strangers in the nest. Similarly, disbelieving in any possible alliance with the dominant sectors, popular representatives generally adopted a more radical discourse, believing that only they could put this on the record…[49]

Fleury nevertheless sees the CDES as the type of forum where special interests cannot in isolation exercise special pressure, whether it be on a parliamentarian or a government bureaucrat, where they have to face all other stakeholders and present and defend their cases. On this basis she defends the political effectiveness of the CDES "in the construction of an expanded public sphere where the different are recognized as politically equal."[50] It is the continued existence of differences in this space, where decisions are consensual, that can

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[48] Fleury. (2005), 9-10.
[49] Ibid., 10.
[50] Ibid.

lead to more nuance and denser policies that will be, at the same time, more sustainable and defensible.

As a candidate, Lula had already discussed his intention to create a senior social policy council. Interestingly, the final product also contained the word "economic." To be sure, a review of the first two years' of meetings of the Council reveal that they dealt mostly with economic issues: tax reform; pension plan reform; growth, policies for industrial, technological and international business growth; sustainable growth; mines and energy; regional development; bank spreads and tax exemptions; micro and small business, informal work and changes in the membership of the national monetary council. In addition, during this period, the Council created its own vision of a developmental plan for the country, the Agenda for National Development.

Fleury classifies the activities of the Council following a trajectory from (1) referral, to (2) demonstration, and finally to (3) negotiation. By referral, she means the first several months when the government was presenting its projects to the Council, particularly constitutional amendments to the tax system and the national pension plan, and asking the Council to express its considered, balanced consensus. In Fleury's view, the weight of Council opinion and support facilitated the Government's work in having its legislative proposals adopted. At a second stage, she observed a process where government seemed to utilize the Council to present its projects but did not necessarily stop to listen to its reactions. The Council was becoming a "privileged," but nonetheless captive audience.

Government sectors and supporters within the council seemed to fall silent, so that the critics were left to talk to themselves.

> ...the absence of deliberation substituted dialogue for monologue from one side, and silence from the other. This question seems central to me in a dialogue model, because those that have power—unless they feel threatened—tend to avoid debate.[51]

The negotiation phase began, according to Fleury, with the substitution of Tarso Genro by Jaques Wagner as executive secretary of the Council. Wagner, with a labour background, emphasizes negotiation as opposed to "concert" or consensus, "assuming that conflicts may lead not to consensual positions, but rather to positions amenable to negotiated solutions."[52] Wagner proposes to visualize the Council as a tripartite commission of capital, labour and civil society. This is a conception that prevails, according to Fleury, despite protests from the social movements that fear they will now become an undifferentiated third sector.[53]

In August 2005, the Council issued its Agenda for National Development (AND) which in plain language identifies six major problem areas that need to be targeted in order for development to occur: extreme social inequality with increasing concentrations of income and wealth; insufficient economic dynamism to maximize internal market, international competition; degraded infrastructure; insufficient investment and irrational taxation; lack of public safety; and low operating capacity of the state, particularly to manage federation-level disagreements, regional imbalances, and unsustainable utilization of natural resources. The Report proposes measures to deal with each of the areas.

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[51] Fleury. 2005, 13.
[52] Ibid., 14.
[53] Fleury. (2005), 14.

Starting from the release of the AND, the Council seemed intent on pursuing an agenda related to its topics. The last two meetings of 2005 dealt with public security, economic de-indexation of administered prices (electricity, public transport, among others), and foreign policy.

Vizeu and Bin[54], in reviewing the work of the Council, offer some critical insights which can be divided, for our purposes, into criticisms about its procedural effectiveness, and criticisms about the degree to which it conforms to a theoretical ideal about the benefits of genuine interaction from a Habermasian perspective.[55]

From an operational effectiveness perspective, they criticize the percentage of business people composing the assembly which is seen as compromising its "pluralist and participative" character. By this deployment, they argue, the government, already counting on the support of the leftist social elements, can utilize this forum to obtain business support. The fact that the choice of many of the themes originates with government, and is introduced by talks from the ministers, followed by limited-time responses from pre-selected councillors, is also seen as a strategy of control by the government. This is

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[54] Vizeu, Fabio and Daniel Bin. (2005). Democracia Deliberativa: Leitura Crítica do Caso CDES à Luz da Teoria do Discurso. *EnAnPad,* XXIX September. [Electronic Version]. Retrieved 28 February, 2006 from CDES Web site: www.cdes.gov.br (page numbers as per "print version" on that website.)

[55] A Habermasian perspective is a neo-Marxist approach that focuses on "…the foundations of social theory and epistemology, the analysis of advanced capitalist industrial society and of democracy and the rule of law in a critical social-evolutionary context, and contemporary…politics." See Encyclopedia Wikipeda Online. (2001-2006). Jürgen Habermas. Retrieved 8 June, 2006, from *Encyclopedia Wikipeda Online* on the World Wide Web: http://en.wikipedia.org/wiki/Habermas

because there is not sufficient time for discussion between the councillors, and hence the opportunity to build consensus is diminished if not lost.[56]

Also, even though the President (and various ministers) almost always attend the sessions, they do not remain for the councillors' discussions, short as these may be. They cite examples of councillors demanding more time for themselves to express opinions both at the outset of the meeting as well as at its conclusion (and in fact the meeting procedures have been altered over time). They detect considerable partisan politics within the assembly, both in the way that specific members focus on their specific issues (business people about the evils of over-taxation, union leaders about minimum wages, professors about lack of money for research., etc.), as well as in the emergence of subgroups more or less organized to defend their own constituencies.[57]

Despite these considerations, the authors concede that, either by government or by councilors, ideological and political positions are defended and criticized with considerable openness and transparency.[58] From a substantive interactive perspective, they cite the increasing degree of stress at the fault line between the CDES role as a consultative organ of the Presidency (whose suggestions the government can accept or reject), and the defects in perceived agreement and subsequent lack of follow-through by government. The authors surmise that if there is a pact about discursive integrity, many councilors seem to feel it is not being sufficiently adhered to by its government partner. They

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[56] Vizeu, Fabio and Bin. (2005).
[57] Ibid.
[58] Vizeu, Fabio and Bin. (2005), 8-10.

question if the space is being used by government to "present proposals rather than to promote the joint construction of solutions;"[59] and they cite a councilor (from the social movements) critical of the fact that the government presented its industrial development plan without conveying material to the members ahead of time, and another (from business) questioning the tax reform plan which came to them already well formatted, for discussion only, and not for construction.[60] The authors conclude that the government generally approaches the council from a "strategic logic" of accumulation of support rather than a participative logic of consensus-building toward joint proposals, or to obtain the minimal agreement that would permit it to claim support of the CDES when taking its project forward to the legislature. Particularly on the macroeconomic stabilization program, the positions of each have remained firmly separate, with not even the appearance of dialogue.[61]

A more serious claim by the authors is that to government presentations—particularly in the economic area—lack balance in the selection and use of statistics, a basic violation of the rule of discursive veracity. Finally, the authors question the degree to which the norm of politico-discursive equality is being violated when the amount of time devoted to government presentations far exceeds that of the councilors, and when the agenda is largely controlled by what the government wishes to discuss, or when subgroups begin to meet separately to

[59] Vizeu, Fabio and Bin. (2005), 10.
[60] Ibid.
[61] Ibid.

formulate supportive participatory strategies, departing from the rule that all ideas should be presented to all in plenum.[62]

From their Habermasian perspective, Vizieu and Bin summarize the problem areas observed in the CDES process as related to the maintenance of the political equality of all participants, and the ambiguous exercise of power by government to discuss and listen but not really to respond, so that this forum becomes merely a mechanism to control and measure public response to its programs.[63]

3.2 The Health Councils

The following paragraph appears near the end of a twenty-one-page document outlining the governance model of the Unified Health System (SUS):

> At present, after a decade of exercise of social control of the SUS, and as a result of the process of de-centralization and qualification of managers, it is estimated that there are approximately sixty thousand councilors in the entire country. There are, still, important conflicts of jurisdiction involving [civil society] Councils and the [municipal or other] Executive Power. Situations of non-observance of Council resolutions by the Executive have been observed. On the other hand, because of inexperience, many Councils try to assume Executive powers—a situation which is not only illegal but also reduces the representative-ness of the Council involved, obscuring its essential role.[64]

The setting up of a health council at the municipal level is a compulsory condition for the municipality to obtain managing control of the health resources within its borders. The rules were initially set out in Resolution 33 of December

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[62] Vizeu, Fabio and Bin. (2005), 11-12.
[63] Ibid., 13-14.
[64] See SUS. *Os* Gestores do SUS em cada Esfera do Governo. p. 60. [Electronic Version]. Retrieved 28 February, 2006 from SUS Web site: www.sus.gov.br

1992 of the National Health Council and subsequently updated in November 2002 in a document entitled "Framework for the Creation, Reformulation, Structuring and Functioning of Health Councils." The fundamental council composition involves parity between system producers (government, health workers or suppliers) and users (patients or civil society).

Associations representing any of the following categories are entitled to nominate or elect representatives to council: specific illnesses; the handicapped; indigenous peoples; organized social movements; women's health organizations; the retired; labour unions and workers' federations, urban or rural; consumers; neighbourhood, housing or tenants' groups; environmental groups; health workers' groups or unions; scientific or research groups; university or training hospitals; business or employers' groups; health services providers; and government. Whatever the size of the local council, it must accommodate the parity rule. Councilors are encouraged to work for their bases of support while considering the needs of the entire health system. They are not entitled to any remuneration or special privileges. The municipality in accordance with its own organic law determines their specific attributions, but the mandate of the health council is not to coincide with that of the local government with which they work.

Once installed in office, the council operates through a plenary and executive secretariat responsible to the same. The Council is entitled to budgetary, technical and operational support from the municipality and from the state. It determines its own regime of work and internal operating procedures. The Council is a deliberative and permanent organ operating in a collegial

environment with the municipal executive power. It is entitled to examine and propose changes to the municipal health plans, as well as to review past actions. It should meet at least once a month in public meetings with a previously publicized agenda. Every three months the executive power should present Council with a detailed review of its actions and spending. The Council's deliberations are manifested through resolutions, recommendations, or motions that are to be ratified by the municipal executive and published in an official publication. Failure to ratify without acceptable justification can result in the council soliciting approval via judicial review.[65]

Periodically, generally every two years, the executive power, guided by council deliberations, is required to convene a municipal health conference that approves main directions for the future of the health system. The council then elaborates and approves an operational plan to put that framework into execution. In general, an active council is empowered to conduct a continual review of the municipal executive in the planning and provision of health services.[66]

At the state level and at the federal level, a parallel system has evolved, with councils of similar composition performing very similar tasks. A typical monthly review-of-operations report from the National Health Council runs to hundreds of pages verifying disbursements and actions of every kind, flowing from federal to lower levels of government. At the state level, similar oversight reports monitor a myriad of operations at the municipal level and include

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[65] SUS. *Os* Gestores do SUS em cada Esfera do Governo. [Electronic Version]. Retrieved 28 February, 2006 from SUS Web site: www.sus.gov.br
[66] Ibid.

certification (and de-certification) reports based on commissions of inquiry that continually visit the municipalities.[67]

Municipalities are required to undergo a process of capacity-building outlined under SUS regulations that qualify them to operate either the Amplified Basic Health Management System or the Full Health Management System. Many small municipalities have not achieved even the "basic" level, and in these cases the state remains responsible for delivery of the entire system. States, likewise, undergo a similar process of certification to manage either basic duties or the full system. If it is capable of neither, the federal level assumes responsibility. However, the clear intent of SUS is to have all municipalities fully capable of handling the complete provision of services.[68] Furthermore, because of larger economic size and built capacity, certain municipalities provide more specialized services to surrounding areas. The financial transfers to these municipalities reflect this differentiated level of service.[69]

From a participatory perspective, the SUS system has evolved rapidly into the structure shown in Table 3.2.1. The need for inter-agency commissions is directly linked to the constitutional requirement that all levels of government work in concert to create, manage and develop the system. In broad terms, the federal level retains control over policy, norms, and large and complex services such as epidemiology, pharmacology and hematology. States coordinate the gradual transfer of services to municipalities, maintain oversight over the quality of

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[67] Ibid.
[68] SUS. *Os* Gestores do SUS em cada Esfera do Governo. [Electronic Version]. Retrieved 28 February, 2006 from SUS Web site: www.sus.gov.br
[69] Ibid.

delivery, mediate regional issues involving intermunicipal access to specialized care, and generally supplement health care where municipalities are incapable of doing so. Municipalities are the day-to-day managers of health care delivery according to their competencies.

Table 3.2.1 The SUS Structure

Scope/ Function	Managing Agency	Inter-Agency Commission	Participative Collegial Organ
National	Ministry of Health	Tripartite Commission (fed, state and municipal)	National Health Council
State	State Health Secretariat	Bipartite Commission (state and municipal)	State Health Council
Municipal	Municipal Health Secretariat		Municipal Health Council

At an expected annual expenditure of some 40 billion reais (about Cd$20 billion) in 2006, SUS represents the single largest outlay of funds in the social services area, surpassed only by a pensions budget that has exploded in size due to the decision to grant pensions to all persons regardless of past contributions. (Comparatively, the pension budget in 1996 was 45 billion, while health was 12.5 billion; in 2006 pensions will reach 175 billion, while health will be 40 billion.)

To manage the rapid expansion of a system in the very complex area of universal health care has meant accelerated learning curves for all players in the system, but particularly so for the municipal partners. The organization they relied upon was the National Council of Municipal Health Secretaries (*Conselho Nacional de Secretários Municipais de Saúde* - CONASEMS), an organization

created in 1988 to represent the interests of the municipalities in the area. CONASEMS is a member of the Tripartite Commission as well as of the National Health Council. Its state branch organization is a member, in each state, of the Bipartite Commission with the State Health Secretariat.

The National Council of State Health Secretaries (*Conselho Nacional de Secretários Estaduais de Saúde* - CONASS) was constituted even earlier, in 1982, and is, along with CONASEMS and the Federal Ministry of Health, the other member of the Tripartite Commission.

The performance of CONASEMS at the national level reflects the potential of a participatory model in creating new competencies at the local level. As municipalities have acquired capabilities to handle health care, they have begun to exert pressure on the system to improve various bottlenecks and obstacles. In 2003, for instance, CONASEMS actively opposed the Finance Minister in his plans to de-link taxes from specific expenditure areas.[70] In its biannual report, CONASEMS discusses its many initiatives to simplify the system, such as through the reduction of committees and workgroups from sixty-two to nine tripartite groups; and to reduce fragmented, time-consuming actions by eliminating many of the eighty-three allocation "boxes" and innumerable forms of transfers of funds to municipalities. Alarmed at the health expenditures caused by violence, with over 50,000 homicides occurring annually, CONASEMS

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[70] Its first leaflet of the 2003-2005 CONASEMS was entitled "*A Saúde do Brasil precisa de mais recursos e não de DRU, DRE, ou DRM*" ["Brazilian Health needs more resources and not DRU, DRE, or DRM."] These acronyms relate to Finance Ministry proposals to de-link certain federal, state and municipal revenues from specific expenditure envelopes. See CONASEMS. (2005). Relatório de Gestão-Junho de 2003 a Abril de 2005. p. 6. [Electronic Version]. Retrieved February, 2006 from CONASEMS Web site: www.conasems.gov.br

began a campaign linking health to a culture of peace. A central CONASEMS objective is see the national health budget increase rapidly from R$37 to 47 billion.[71]

3.3 Participatory Budgeting

Upon taking office, a municipal administrator generally proposes to the legislature a plan of government along with an organizational set-up for the municipality's departments. Each mayor is entitled to the organizational framework of choice, provided it meets the requirements of local organic law and ongoing commitments of the city. Although most of a municipality's expenses are pre-ordained, with fifteen and twenty-five percent being automatically dedicated to education and health, for instance, and a significant portion to payroll and other fixed costs, the discretionary portion for new investments may amount to some ten percent. With this portion, various cities of significant size have inaugurated a decision process involving delegating the power to decide to local citizens, generally territorially organized. These experiences constitute what is commonly known as Participatory Budgeting (PB), of which there is evidence of some 140 attempts across the country. Many do not survive a change of administration, although a few (Porto Alegre, Belo Horizonte and Recife) have achieved notoriety and may survive by sheer popular support.

However, PB is important because of the degree to which it represents an alternative model of organizing government in the event the prevailing model fails. The adoption of PB is, by implication, a serious criticism of liberal

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[71] CONASEMS. (2005). Relatório de Gestão-Junho de 2003 a Abril de 2005. p. 6. [Electronic Version]. Retrieved February, 2006 from CONASEMS Web site: www.conasems.gov.br

representative democracy practiced to the exclusion of benefits to the less advantaged, where the elites maintain undue access to public goods and services. PB is different in that it delegates power directly to citizens to make decisions through extensive public meetings where various deficits are analyzed and ranked according to who has the most needs. Although there are various models of PB, this is its central characteristic.

3.4 Legitimizing Participation

The three situations reviewed represent distinct and illustrative points in a continuum of solutions adopted by Brazilians to solve the central political problem of the fair allocation of public resources across the country. The critical commonality is popular participation as the means to legitimize the actions of political actors.

To an important degree, such participatory practices reflect the alarm of the national elite at potential future political directions the country can take. The collective memory of the elite encompasses three distinct historical periods, 1946 to1964, 1964 to 1985, and 1985 to the present.

The first period was characterized by a pact that privileged nationalist development by a partnership between government and capital with a captive industrial labour force, but that nevertheless evolved into a populist reform of the basic agreement that threatened the capitalist model. The ensuing authoritarian model, although strongly nationalist and "developmentist," became de-legitimized by its excesses in suppressing various popular leaderships, by the failure of its

economic program in the face of changing international economic conditions, and by the disappearance of a viable socialist model after the breakup of the Soviet Union, resulting in renewed demands for democratic practices.

The current period is characterized by an attempt to install a new pact between classes and interests based on the state assuming a higher degree of responsibility to enable broad access to traditional and emerging rights. These rights translate into health, education and wealth as social necessities. The structure of delivery of these services is to be determined by the users as much as possible, leading to the program of de-centralization. In this scenario, municipalities acquire new responsibilities and resources. However, economic policy is still reserved for the elite, so that the country may continue to insert itself into the international economic system. With these provisos, participation is to be promoted to the extent possible.

President Lula's CDES, as significant as it may be as a model of government's openness to civil society, suffers from the constraints of the adopted economic model. CDES is, in fact, overweight with economic interests, but not the ones that count. So that although most of CDES protested the regime of high interest rates, a theme that united domestic industrialists, union leaders, and popular movements, the Minister of Finance and the Chairman of the Central Bank were not in the least forced to alter course. However, the CDES' mere existence creates new political synergies, in that a mental "map" of new players deserving the right to participate sets a precedent. This is the most prestigious platform for civil society in the country.

The development in the structuring of players in the health system decision-making system is being replayed in other social areas such as education and social assistance. The participation of some sixty thousand people in health councils, if reproduced in the other areas, constitutes a small army that at the very least will not be as mystified by government budget documents and technical presentations. Similarly, it is a growth process for area experts to learn to dialogue with average citizens and reach decisions. Finally, the accretion to knowledge and performance capabilities across thousands of municipalities, their participation in the technically high level consensual committees such as the Tripartite and Bipartite Commissions, as well as to the health councils where civil society has parity representation with government, will in time change the face of municipal administration across Brazil.

Ultimately, should this whole participatory structure yield no meaningful results, there is already an alternative in PB. This alternative would represent a complete restructuring of the federative assembly in place. PB is an ideological alternative being tested and kept in reserve.

Chapter 4. Measures of Socio-Economic Inequality and Inferences about Participation at the Municipal Level

My discussion about measures that bring the average citizen closer to decision circles has centered on the growth of participation possibilities that impact on those decisions. I initiated the discussion by looking at the range of legislation that empowered action in a decentralized fashion, with the municipality as the intended preferred delivery vehicle for important services in the social areas. I then pointed out that from a fiscal and economic perspective, the local freedom of action was circumscribed by limitations on the funds actually allocated to the municipalities, to the extent that obligations far exceed ideal capability to solve problems. In a practical way, I then attempted to look at how participation works in the context of three different cases, with the conclusion that in the social areas there is considerable participation, and that this phenomenon has, at the very least, a significant pedagogic effect and the potential, in time, to change political culture.

Participation is intimately related to decentralization, nonetheless. This juxtaposition prompts the question of how to evaluate the municipal environment as the focus of participation. If the purpose of participation is to redistribute and change, what is the data that allows us to visualize the state of affairs in a municipality? In what manner does exclusion or inequality manifest itself? Finally, does it make sense to think of the municipality as a geographic and political unit where participation is worth the effort of the average citizen?

Between 2000 and 2005, the Assembly of Deputies of the State of São Paulo charged the State Research Foundation (Fundação Sistema Estadual de

Analise de Dados – SEADE) with the task of developing additional analytical tools for the improvement of social policy decisions. In particular, the deputies were interested in tools that provided more adequate answers to two questions: First, what dimensions explain the variations between municipalities in terms of their economic and social performances? Second, which indicators best describe the situations of inequality and poverty existing inside the municipalities? The first question prompted SEADE to develop the State Index of Social Responsibility (*Índice Paulista de Responsabilidade* Social – IPRS), while the second resulted in the development of the State Index of Social Vulnerability (*Índice Paulista de Vulnerabilidade Social* – IPVS).

Because these indexes help to define the areas of social policy that can impact significantly on socio-economic development, this chapter identifies those indicators and related areas, and then seeks to find correspondent participatory mechanisms representing those areas.

4.1 The State Index of Social Responsibility

This Index rates all 645 municipalities in the state following the paradigm of the Human Development Index (HDI) of the United Nations Development Program. The three HDI dimensions—income (or wealth), schooling and longevity—were maintained but measured utilizing data that would show municipal changes of conditions over short periods of time, that would be refreshed often enough to permit new indexes to appear even between census years, and that would be available for all municipalities. All municipalities were ranked according to each dimension. Additionally a five-group "state of

development" typology was created based on key variables from each of the dimensions, so that all municipalities could be classified into one of these groups. The following chart summarizes the variables selected, the weight attached to each, following each of the dimensions, in the construction of this typology.

Table 4.1 IPRS Dimensions and Their Weighted Components

Dimension	Components	Weight
Municipal Wealth	Residential electric energy consumption	44%
	Electricity consumption in industry, services and commerce	23%
	Average wage of workers (formal economy) and public sector workers	19%
	Per capita added value of municipal product	14%
Longevity	Prenatal mortality rate	30%
	Infant mortality rate	30%
	Ages 15 to 39 mortality rate	20%
	Age over 60 mortality rate	20%
Education	Percentage of Youth Ages 15-17 with Gr. 8 Completed	36%
	Percentage of Youth Ages 15-17 with at least 4 years of schooling	8%
	Percentage of Youth Ages 18-19 who completed 12 years of schooling	36%
	Percentage of children Ages 5-6 who are enrolled in pre-school	20%

The dimension "Municipal Wealth" seeks to combine measures of consumption based on use of electricity with wages and worker productivity; however, the weight given to wages and productivity appear lower than one might expect, while consumption factors rate more than half the weight of this category. By inference, in an area of high unemployment or low wages, it is expected that the ability to consume will arise from either social assistance (welfare) policies or from subsidized low-cost services.

"Longevity" divides the measurement between various age groups, with a significant emphasis on the cost of loss of life in the early years. "Education" places a heavy emphasis on basic education sufficient to provide reasonable if not optimum ability to enter the workforce.

The inferences for social policy suggest the following complex of public actions designed to maximize the value of these variables, and indirectly, the existence of civil society groups mobilizing demands for these types of public actions. The following relationships are suggested:

Table 4.2 Inferences About Public Policy and Civil Society Areas of Activism

Dimension	Inferred Public Policy or Actions	Civil Society Demands and Groups Expected to Exist
Municipal Wealth	• Universal access to electricity at low rates • Easy access to credit for the purchase of electro-domestic items (fridge, tv, radio, computer) • Reasonable level of minimum wage • Access to work and public transportation to work • Steady public sector or privatized services employment • Well capitalized factors of production (machinery, training, work conditions) production (machinery, training, work conditions)	• Consumer groups with emphasis on public utilities • Consumer groups with emphasis on right to banking and credit • Unions • Consumer groups with emphasis on transportation • Unions • Business groups with emphasis on business training, credit, and assistance from municipal government • Unions with emphasis on training and work conditions

Longevity	• Preventive health programs for pregnant mothers; attendance at clinics located in poor neighborhoods • Basic health clinics in all areas of the city • Pre-school facilities with health and nutrition capabilities • Pre-employment, after school arts, culture, sports facilities for young people • Part-time employment and training integrative programs • Security, policing, effective law-enforcement and treatment for young offenders • Timely health system intervention on behalf of older citizen	• Municipal health councils • Social assistance councils • Neighborhood associations • Environmental groups
Education	• Availability of free public schooling in all areas of the city • Financial support of children through parent subsidies • Progressive anti-drop-out programs at school and community level • Availability of basic education for over-age children (continuing ed) with flexible scheduling • Transportation to school • Meals at school	• Municipal education councils • Social assistance councils • Neighborhood associations • Parents' groups • Teachers' groups • Security and policing groups

The typology developed under the IPRS grouped the municipalities under the five categories with the characteristics shown in the chart below. For municipal wealth, municipalities were classified as either "high" or "low". Longevity and Education resulted in classifications "high," "medium," or "low."

From this typology, the map of the state revealed a geographic corridor of better performing municipalities running from Santos on the coast, through the capital city of São Paulo and its metropolitan region, continuing northwest through the metropolitan region of Campinas and further northwest through Ribeirao Preto. Similarly it showed a block of municipalities in its southern cone, another in its western cone, yet another in the eastern leg, falling into the category of worst performers.

The 2002 version of the IPRS populated each of the groups as follows, and provides the following summative descriptions of each of these municipalities:

Group 1: 71 municipalities with some 19 million residents or 50% of the state population. High level of wealth and good social indicators; however, especially in the larger ones, there are significant disparities in living conditions that are not perceptible in the aggregated indicators;

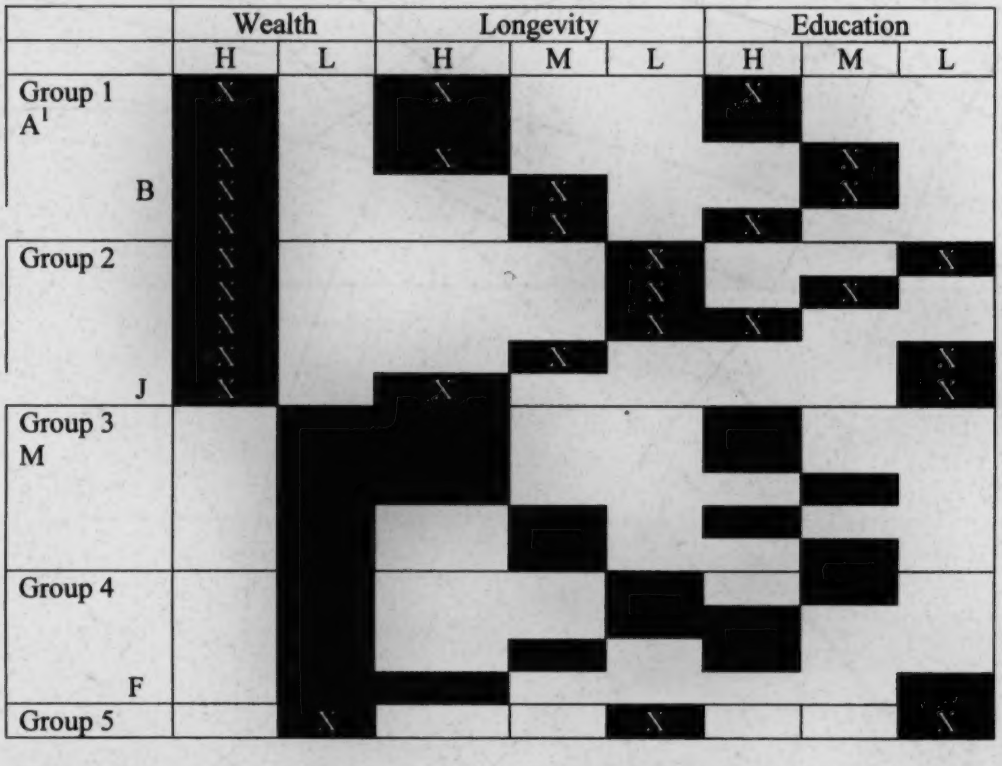
Group 2: 81 municipalities with over 10 million residents, or some 25% of the state population. Despite high levels of wealth, do not seem able to reach good social indicators, perhaps because of characteristics of either heavy industry, or expensive closed condominiums, or tourism destination;

Group 3: 201 municipalities with three million residents, with average population of some 15,000 per municipality, and only one (Marília) of over 100,000 population. Low levels of wealth but good social indicators (perhaps because of small size and greater transparency in decentralization of policies on health and education as well as historic emigration patterns lessening the need for new investments);

Group 4: 188 municipalities with some 3.4 million residents, dispersed across all regions of the state. Low levels of wealth and intermediate levels of longevity and/or schooling (dispersed around the state and in areas traditionally considered problematic); and

Group 5: 104 municipalities and 2.1 million inhabitants located very specifically in the southern cone and eastern river valley leading to the state of Rio de Janeiro. Traditionally poor localities, with low levels of wealth, longevity and education.

Table 4.3 IPRS Groupings and Their Characteristics



[1]The letters A, B, J, M and F represent the estimated location of the five municipalities, Americana, Barueri, Jacareí, Marília and Franca, that were mentioned in the initial chapter and that are discussed in the latter part of this chapter

4.2 The State Index of Social Vulnerability

Whereas the IPRS seemed adequate to rank municipalities along the selected human development dimensions, and to create a performance typology based on various factors, it could say very little about conditions within different spaces of a municipality. The IPVS was designed to provide answers about the patterns of inequality and poverty within a municipality. In this sense, this new index was designed to identify the geography of socio-economic disparities existing in even those municipalities considered most evolved. In the introduction to the work, the authors discuss the issue:

> [Cities have grown] based on patterns that over the years have not been able to assimilate significant parcels of their populations into the benefits of development. This scenario is observable in all of Brazil and Latin America, especially in the large urban centers. The Sao Paulo metropolitan region is emblematic of this discriminatory and simultaneously accumulative process of development. Responding for about 21 percent of the country's industrial production and housing some one half of the state's population, this region exhibits areas approaching First World standards as well as others of extreme poverty, comparable to the poorest found in Brazil. Although poverty persists particularly in their rural areas, these contrasts are less pronounced in smaller municipalities, so that these indicators offer a truer reflection of the living conditions of their residents....[72]

To the IPVS authors, social vulnerability originates from diverse phenomena, with distinct causes and consequences.

> Recent studies of living conditions and poverty have emphasized the need to take into account the accumulated resources (or their absence) of individuals, families and communities as well as their access to the opportunities to employ them....
> In this perspective, it is in the interplay between individual and family characteristics—life cycle, family structure, schooling, current income,

[72] See SEADE. Índice Paulista de Responsabilidade Social. [Electronic Version]. Retrieved 6 February, 2006 from SEADE Web site: http://www.seade.gov.br/produtos/ipvs/apresentacao.php

> means of entering the workforce and health conditions—and the possibility of partaking of the goods and services provided by the state, the society and the market, that is effectively defined the conditions for living and the possibility of social mobility.[73]

Of specific interest to the researchers measuring vulnerability factors is the manifestation of urban fragmentation and segregation visible in the large urban areas. The growth in residential fragmentation is seen as one of the determinants of the "process of maintenance and reproduction of poverty and social inequality."[74] Urban areas that do not share the same level of infrastructure, security, and public spaces risk social disintegration. In more extreme situations, families similarly disadvantaged become ghettoized and increasingly vulnerable to poverty. Contact and interaction between groups that consistently enjoy significantly different levels of health, education and other public goods becomes difficult, if not impossible.

Hence, the IPVS is designed as another tool for public policy, basing itself on two basic assumptions about vulnerability. One is to look at poverty as multi-dimensional and susceptible of expression through the same indicators of wealth, longevity and education. The other is that it gains a certain systemic permanency due to its territorial and spatial manifestation, and that residential segregation is to be perceived both as a cause as well as a result of vulnerability.[75]

This IPVS mapping of social vulnerability had the objective of classifying each small urban area by the kinds of resources possessed by local residents. The unit employed was that of census unit or sector containing on average some 300

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[73] Ibid.
[74] Ibid.
[75] SEADE. Índice Paulista de Vulnerabilidade Social. [Electronic Version]. Retrieved 6 February, 2006 from SEADE Web site: http://www.seade.gov.br/produtos/ipvs/apresentacao.php

contiguous domiciles, data for which was available from the IBGE Year 2000 Census.[76]

The socio-economic and demographic variables which best described the indices of vulnerability were the following:

Schooling

1. Percentage of domicile heads who were literate, in relation to all heads in the census unit;
2. Percentage of domicile heads who had completed grades one to eight, in relation to all heads in the census unit; and
3. Average number of years of study of the domicile head.

Income

1. Average income of the domicile head; and
2. Percentage of domicile heads with income of at least three minimum wages, in relation to all heads in the census unit.

Demographic Characteristics

1. Percentage of domicile heads of ages between ten and twenty-nine years, in relation to all domicile heads;
2. Average age of domicile head; and
3. Percentage of children zero to four years old in relation to the total population resident in the census unit.

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[76] Brazilian Institute of Geography and Statistics. 2000 Census. Retrieved 8 June, 2006 from IBGE Web site: http://www.ibge.gov.br/censo/

Cluster analysis of these factors allowed the definition of census units with similar characteristics, yielding six distinct groups or types. These groups were categorized in terms of level of social vulnerability as "very high," "high," "average," "low," "very low," and "non-existent."

The distribution of the 48,683 census units constituting the state (a few were excluded for lack of data or due to confidentiality issues) showed the following picture:

1. Non-Existent Vulnerability: 8.5% of the sectors, or 2.5 million inhabitants, 99.5% living in urban areas;
2. Low or Very Low Vulnerability: 45.4% of the sectors, or 17 million persons, 98.7% living in urban areas;
3. Average Vulnerability: 16.4% of the sectors, or some 8 million, of which some 95% living in urban areas;
4. High Vulnerability: 21.1% of the sectors, or some 10 million, of which over 30% living in rural areas (70% urban); and
5. Very High Vulnerability: 8.6% of the sectors, or 3.6 million persons, some 90% living in urban areas.

The larger municipalities all contain the various groups, including expressive groups of high vulnerability as well as no vulnerability, indicative of the inequality present in these centers concretely visible in maps of regions of wealth and poverty. The reality of "periphery" is self-evident. By contrast, the 297 municipalities with populations under 10,000 had eighty percent of its census sectors characterized as highly vulnerable, and of these, 106 showed all its sectors in this category. Similar results were observed for municipalities of between

10,000 and 25,000, where sixty percent of its sectors fell in this category. Nevertheless, the IPVS accompanying commentary cautions that the exposure to risk in a large municipality is undoubtedly greater than in a small municipality based on the logic that geographic segregation and its accompanying consequences are much greater in the environment of large urban centers.[77]

4.3 The IPVS in the Context of the IPRS

Where the IPVS seeks to measure what accumulated resources residents bring as security against risk, the extent to which these are the sufficient resources depends on the opportunities offered by the municipality of residence. Recalling that the IPRS classifies the municipalities into groups with specific characteristics (for example, Group 1 of more populous and wealthier centers, where large population segments benefit from the economic dynamism of the region), then a specific IPVS census group may be more or less benefited by its municipality of residence. The IPVS analysis provides an illustration of families living in areas of high vulnerability (family heads with low income and little schooling, as well as older families, according to life cycle factors) can show poorer levels of well being should they be residing in a Group 2 rather than in a Group 3 Municipality.[78]

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[77] SEADE. Índice Paulista de Vulnerabilidade Social. [Electronic Version]. Retrieved 6 February, 2006 from SEADE Web site: http://www.seade.gov.br/produtos/ipvs/apresentacao.php

[78] SEADE. Índice Paulista de Responsabilidade Social. [Electronic Version]. Retrieved 6 February, 2006 from SEADE Web site: http://www.seade.gov.br/produtos/ipvs/apresentacao.php

4.4 The Municipalities of Americana, Jacareí, Marília, Franca and Barueri

After some two decades of decentralization policies that were intended to build municipal governing capacity to deliver at least on key social programs, the following consolidated data from Table 5.4, along with Table 5.3, permits some inferences and propositions about participatory channels at the municipal level.

Table 4.4 Selected Municipalities through the IPRS, IPVS and Investment Perspective

Municipality	Pop (2002)	IPRS Ranking/Group in 2002 and 2000 (Rank=Nth position amongst 645 municipalities) (Group=1,2,3,4 in each year assessed)				IPVS	Ave Yearly Invest't /capita
		Wealth	Long-evity	Education	Group		(in reais)
Americana	200,000	67(th)	82(nd)	4(th)	1 (2002) 1 (2000)	15.6%	112
Jacareí	208,000	50	50	485	2 (2002) 2 (2000)	35.4%	129
Marília	220,000	181	216	128	3 (2002) 3 (2000)	42.8%	83
Franca	322,000	215	236	542	4 (2002) 3 (2000)	43.3%	42
Barueri	257,000	6	332	252	1 (2002) 2 (2000)	73.8%	370

The following are basic observations from the data:

1. The Municipality of Americana ranks in Group 1 of the IPRS, which encompasses the top seventy-one municipalities. Three interesting aspects emerge. One is the fact that the educational resources in the municipality elevate its ranking, because in both other areas it ranks outside its group. It receives as well a very favourable rating of "only" 15.6% of its

population falling in the category of social vulnerability. Also, over a ten-year period, the municipality has managed to invest more than two of the other municipalities sampled; however, no particular value can be assigned to these investment figures.

2. Jacareí is ranked in Group 2. Group 2 includes those from 72 to 152. Hence the ratings for wealth and longevity are excellent, and the municipality fails only in being ranked extremely low for education (485th in a universe of 645).
3. Marília is part of Group 3, which starts at 153 up to 353. It is in every respect at the very top of its group, with educational resources of significant weight.
4. Franca was downgraded from Group 3 in 2000 to Group 4 in 2002. Group 4 starts at 354 up to 541, and Franca seems to fit at the bottom of its Group, dragged down by its apparently lightweight educational system.
5. Barueri presents the most destabilized matrix. Although it has risen from Group 2 to Group 1, it displays a very high level of wealth alongside weak health and school resources for the Group in which it is placed. In addition, some 74% of its population is in a situation of social risk.

In the aggregate, the most interesting corroboration is the significant relationship between territorial congregations of vulnerability and group ranking. Barueri, in the outskirts of the São Paulo metropolitan region, departs from the pattern almost certainly because it contains a wealthy closed community (Alphaville) that functions as a dormitory. Interestingly, Barueri also shows a

much higher level of investment per capita, but it should be noted that the municipality has invested in a major hospital facility and a higher education facility.

This leads to the question of the extent to which the municipality fulfills the role that has been assigned to it. Why participate in an environment offering little possibility of real returns?

The first observation is that municipalities differ so significantly in geographic size, population and economic resources that only in some cases does it pay off for civil society to spend the effort working participatory channels. Each state has innumerable municipalities of very small populations and virtually no adequate municipal expertise to handle a major social policy area. Conversely, very populous cities such as São Paulo, Rio de Janeiro, Salvador and Recife face intractable problems of social exclusion of a territorial nature. Because of the constitutionally inviolate nature of a municipality, there is no potential for reformulating boundaries so as to focus on social problems and delivery solutions in more rational ways. The device that remains is of the higher level of government assuming responsibility for services when the municipality cannot reach certification. This intervention status does not create the conditions for the growth of local participation.

There is an incipient project of regional development operating in São Paulo State, based on the three large metropolitan areas of the capital, Santos, and Campinas. The last state budget process included some fifty regional audiences to explore local problems. However, these are intermittent affairs not comparable to the powers available to a well-established local health or education council.

Decentralization is, in short, a project that seeks to maximize and energize local talent both inside and outside of government and that can reconfigure local political culture in some cases. Under less auspicious circumstances, new institutional devices need to be created so that local social policy issues may be addressed through local competencies.

Chapter 5. Civil Society Insertion into the Economic Policy Area: the Case of the Brazilian Budget Forum

In spite of the installation of participatory channels in the social policy area legitimated by constitutional provisions and enabling complementary laws and regulations that emphasize decentralization of responsibility to all levels of the federation for the very purpose of attending to local needs, the scarcity of economic progress of the last two decades has limited the funding—and therefore the true universalizing—of social programs. Simply put, democratic government has been less successful in promoting growth than the dictatorship it replaced, or even the previous democratic regime under Juscelino Kubitschek (1956-1960).

As a result, some segments of the social movements, certain domestic business sectors, as well as public sectors, have concluded that the inability to reverse in short order the extreme social problems lies with the continued application of a macroeconomic policy that is largely outside the control of civil society and is, in essence, tilted toward international financial interests. Hence with the loss of expectation that the Lula government would re-orient economic priorities and policies, this diagnosis has led to the growth of organized opposition by social elements.

Our interest lies in examining how this opposition has in time coalesced into a formal organization that is pressuring the system to create a decision-making role for civil society in the conduct of economic policy. This united front of civil society organizations, the Brazilian Budget Forum (FBO)[79] is certainly not the only civil society organ pressuring to have a voice in economic policy.

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[79] See Appendix II for a list of the organizations that comprise the FBO.

However, it exemplifies a distinct process of accumulation of forces, a strategy of demand to participate, in accordance with models already accepted, and a specific law project to reach its goal. The strength of its campaign would seem to derive from this compact strategic plan.

This campaign to embed civil society in the economic planning process is ambitious, in that it seeks to redefine a fundamental guiding principle of planning, as well as to achieve integration into that process. The principle in question demands adherence to balanced budgets through the Law of Fiscal Responsibility (LFR). The LFR is itself a product of government efforts in the 1980s and 1990s to control inflation and gain control over indebtedness and was introduced briefly in the opening chapter. It disciplines spending by all levels of government, by demanding demonstration of a revenue source to meet a planned expense, whether new or ongoing, and by limiting drastically the ability of any government to borrow. Additionally, in order to enable executives to operate within its confines, the LFR created contingency powers to allow the executive at any level of the federation to limit or delay disbursements in the face of shortages in revenue.[80]

Because government deficits persist, nevertheless, necessitating a steady inflow of foreign capital as well as domestic savings, a bonus is paid to this capital via high interest rates and low inflation. The National Monetary Council (*Conselho Monetário Nacional*), charged with the task of setting inflation targets, is composed of just three federal ministers: Finance, Planning, and the Central Bank. This selectivity was already discussed in the context of an unsuccessful

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[80] FBO. (2005). *LRFS – Documento de Discussão 1 – Dez, (1)*. [Electronic Version]. Retrieved 10 March, 2006 from FBO Web site: http://www.forumfbo.org.br/publique/media/conteudobaselrsfinal.doc

attempt to have it expanded, by members of the President's Council of Economic and Social Development. Control of inflation is executed through the administration of the basic interest rate, which has been, persistently, the highest in the world, as well as through the maintenance of monetary reserves sufficient to assure investors about the government's ability to meet its obligations. This reserve is known as the Primary Surplus (*Superávit Primário*), which is deducted from revenues before any other expenses.

The FBO line of attack, in spite of its name, focuses strategically on the role of the Law of Fiscal Responsibility. In essence, the argument is that the law recognizes only one half of the state's responsibility, that of running its finances in a prudent way. The other half, the social movements argue, is the constitutional responsibility of government to pursue its obligations to achieve the social rights embedded in the Constitution. In short, civil society argues that the social deficit deserves as much attention as the financial deficit.[81]

The FBO has existed as an entity only since 2003, when it was founded as a network of social movements interested in mounting a concerted effort to overcome the blockade of funds to social programs. Although its goals include more resources to the social areas, and more transparency in budget decisions, it is really its coordinated and measured lobby to amend the Law of Fiscal Responsibility that reveals the maturity of many of the civil society organizations.[82]

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[81] FBO. (2005). *LRFS – Documento de Discussão 1 – Dez, (1)*. [Electronic Version]. Retrieved 10 March, 2006 from FBO Web site: http://www.forumfbo.org.br/publique/media/conteudobaselrsfinal.doc

[82] FBO. *Superávit Primário.* (2005). (3rd ed.) [Electronic Version]. Retrieved April, 2006 from the FBO Web site: www.forumfbo.org.br

The Brazilian Social Forum (*Fórum Social Brasileiro*) meeting in November 2003 provided the platform for the debate entitled "For a Law of Social Responsibility." The success of the debate energized the participants, and prompted the creation of two committees when the FBO General Assembly met in June 2004: the first workgroup (Text Workgroup) was charged with developing the text of the law, while the second (Advocacy Workgroup) began to analyze the various projects already circulating in the Congress and to indicate how the FBO should position itself with respect to these initiatives. The Advocacy group mapped and evaluated the proposals circulating in Congress, and concluded that none gave serious consideration to the aspects of social control, participatory management, involvement of states or municipalities, or the provision of an "ample counterpoint" to the LRF.[83]

The Text Group arrived at the conclusion that it ought to propose a revision to the LRF that granted to social questions the same legislative status conferred to fiscal matters. In all other respects, the Group's proposed text adhered to the parameters defined at the FBO Assembly: an enlargement of the LRF to become the Law of Fiscal and Social Responsibility (*Lei de Responsabilidade Social e Fiscal* – LRSF); public monitoring; linkage to the budget process; government accountability; insertion of existing councils in the defined instances; flexibilization of priorities; minimum social commitments;

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[83] See FBO. (2005). LRFS – Documento de Discussão 1 – Dez, (1). [Electronic Version]. Retrieved 10 March, 2006 from FBO Web site: http://www.forumfbo.org.br/publique/media/conteudobaselrsfinal.doc

ample indicators based on official sources; and opening the approval process of the law to public input.[84]

The LRF being a "complementary law,"[85] based on Chapter II of Title VI of the Constitution, the Text Group supported the status of the LRSF also as a complementary law based on the previous citation and, in addition, of Title VIII and Chapter II of Title VI. In every respect, the new proposed legislation was drafted to meet the legislative exigencies, including accountability and oversight mechanisms, already established in the LFR; the role of the public auditors, of the attorneys-general offices, and of the legislative power in monitoring and control; the penalties and accountabilities; and the expectation that this law would be followed by all levels of government to the same extent as the LRF, despite its controversial status.[86]

The Text Group also mapped out in detail in what manner the new law would affect the previous. The significant shifts arise in six areas:

1. Relatively higher priority to social expenditures than to debt;
2. Combat of social inequalities;
3. Social empowerment: transparency, participation and social control;
4. Linkage to budget;
5. Fiscal responsibility; and

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[84] Ibid.

[85] A complementary law is one that is based on a direct constitutional commandment for the production of additional legislation to regulate the original provision.

[86] In effect, there is a proposed amendment of Article 193 (" A ordem social tem como base o primado do trabalho, e como objetivo o bem-estar e a justiça sociais.") which is ready for Senate vote that would modify this provision as follows: "A ordem social tem como base o primado do tra balho e, como objetivo, o bem-estar e a justiça sociais, a serem avaliados por meio de indicadores de responsabilidade social, nos termos da lei complementar." This amendment, while opening the door for the creation of a complementary law, only indirectly suggests the characteristics of that law paralleling the LRF. The FBO supports it, nevertheless. See FBO. (2005). LRFS – Documento de Discussão 1 – Dez, (1). [Electronic Version]. Retrieved 10 March, 2006 from FBO Web site: http://www.forumfbo.org.br/publique/media/conteudobaselrsfinal.doc

6. Continued legislative and audit oversight through a single social and fiscal system.

The FBO expects to present to Congress its proposal for the revision of the LRF (officially Complementary Law 101/2000) by mid-2006.[87]

As a more immediate campaign, it has been attempting for the first time to have the Congress Joint Committee on the Law of Fiscal Framework (*Lei de Diretrizes Orçamentárias* –LDO) hold public audiences. The LDO is an annual law that precedes the passing of the annual budget law (*Lei Orçamentária Annual – LOA*). Its purpose is to review the congruence between material goals established in the multi-year Pluri-annual Plan that the government submitted to Congress at the beginning of its administration, and its implementation in yearly stages. In a sense, the LDO is the opportunity for Congress to verify that the long-term plan is being implemented in annual stages, and that the yearly financial revenue and allocations reflect the interests of municipalities, states and regions. The FBO has inaugurated a process of monitoring all stages of budget legislation, with a few of its proposals accepted by the Congressional Committee for the LDO 2006.[88]

Perhaps most important has been the FBO's targeting of the Primary Surplus for attack. In 2004 it published a discussion "notebook" entitled

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[87] FBO. (2005). LRFS – Documento de Discussão 1 – Dez, (1). [Electronic Version]. Retrieved 10 March, 2006 from FBO Web site: http://www.forumfbo.org.br/publique/media/conteudobaselrsfinal.doc

[88] Roberto B. Piscitelli. (2005). Alterações na LDO. *Correio Brazilience*, 29 June. [Electronic Version]. Retrieved 19 March, 2006 from FBO Web site: http://www.forumfbo.org.br/publique/cgi/cgilua.exe/sys/start.htm?infoid=269&sid=52

Superávit Primário.[89] The focus of attack is on the level of the surplus, at 4.25% of GDP, a level above the floor agreed to with the International Monetary Fund, and on the level of interest rates. To the extent that the high interest rates is a disincentive to investments, and to growth, the publication argues that a vicious circle is in place that will result in the debt continuing to grow, and, with it, the perpetual need for the surplus. Finally, it argues that if developed countries with debt levels similar (or higher) than Brazil do not implement budget surpluses, and in fact discard it when growth is threatened; and if newly emerging economies such as China, India, Chile and Malaysia manage to live with low interest rates and control of short-term capital flows, the same ought to be possible in Brazil.

In addition to its campaign against the level of the surplus, the FBO is acting in umbrella fashion to support three other campaigns: (1) *Liberdade Brasil* focuses on changing legislation to limit short-term capital flows, (2)*Auditoria Cidadã da Dívida* (Citizens's Auditorship of the Debt) promotes a review of who is responsible for the debt, and how it was incurred, and (3) Zero Unemployment (*Desemprego Zero*) that promotes this objective as the principal objective of government economic policy. All these campaigns are developed online and seem to be well maintained with timely additions of material.[90]

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[89] Ávila, Rodrigo and Renata Lins. (2004). Superávit Primário. Brasília: Fórum Brasil do Orçamento. [Electronic Version]. Retrieved 12 March, 2006 from FBO Web site: www.forumfbo.org.br

[90] FBO Publications Web site: http://www.forumfbo.org.br/publique/cgi/cgilua.exe/sys/start.htm?sid=27

5.1 Potential Strategies of Insertion into the Economic Policy Domain

The review of the FBO campaigns provides the context for an analysis of this attempt by civil society to insert itself into the economic domain. The 1988 Constitution clearly opens the door for an ample participation of social groups in all political questions. In terms of specific social policy areas, this opening operates with no significant conflict with the prevailing economic order, insofar as it has to do, essentially, with the best management of a set of given resources to the benefit of the greatest numbers. Even in the case of PB, the budgetary limits are clear, and are defined beforehand. The imperfections in the process are remediable via attentive legislative and judicial actions.

Public participation in key policy decisions of an economic order, however, presents extraordinarily different problems. The economic order is based on the observance of contracts and the rights to property and property accumulation. There is no pretense of economic equality in representative democracy. Insofar as money is the measure of value whereby these differences are maintained, the participants who exchange goods and services for it feel entitled to demand its stable value. At the level of nations, although it is possible to exercise sovereignty in discarding this tenet, there are international penalties based on economic exclusion. A successful assault on the financial obligations to other nations is not an easy step for any country to attempt.

All of the FBO campaigns affect, to some degree, these international obligations. Certainly least controversial is the installation of limited controls on the flow of capital. Many countries do it. The campaign against the level of interest rates, an indirect campaign at best, also seems viable to the extent that

there is such voluminous opposition to it from so many sectors of society, and it is not in line with practices in countries similar to Brazil. If the practice persists, it is indicative of the fact that at least some strong sectors of the Brazilian economy support it. The banking system, foreign and domestic investors, and large companies with substantial liquidity—particularly the multinationals—appear to have no problem benefiting from this policy.

The actual amount of funds retained for the surplus, however, which in theory cannot be applied toward social investments and growth, is less than the poorly distributed funds destined to a small portion of the population, such as through the pension provisions. Likewise, a reform of the tax system to shift revenue collection to the better off, as discussed in the first chapter, would cause substantive alleviation of the distribution of income.

It should be noted, in any case, that neither reduction in interest rates, nor in the rate of retention of revenue to feed the surplus, results in a change in the distribution of wealth in Brazil. Moreover, I suggest that if the country enjoys a growth spurt for a few years—as difficult as it may seem under the present constraints—the pressure to alter monetary policy would certainly diminish. But this will not alter the fact that Brazil will remain a very rich country with a lot of poor people.

On another front, there is the line of attack being attempted by the FBO, through the constitutional domain, to revise the LFR and replace it with the LFSR. This revision would mean, at least on paper, the definition of targets in the economic as well as the social policy areas. It would appear that opponents of any change, who would be concerned with any dilution of the fiscal obligations,

can argue that the stage of multi-year planning already provides a setting for the different interests to negotiate achievable social progress, that the principle of spending only within the margins of receipts needs to remain the fundamental budget principle, and that this revision would not be an incentive for governments at all levels to conduct the most efficient program of tax collection, avoiding dubious tax exemptions and continually upgrading their own administrations.

Immensely surprising is the observable lack of civil society movement in the area of tax reform. After considerable search, there seems to be no movement presenting itself with proposals that already exist and seem immensely acceptable, such as discussed in chapter one.

Chapter 6. Conclusions

I have examined the phenomenon of institutionalized participatory channels in recent Brazilian politics in an effort to contribute to the general discussion of whether they play an essential transformational role in the democratic practices in that country. My approach was to describe the manner in which they have been inserted into a few representative contexts, to extract meaning from the interactions between society and government, and to confirm the occurrence of some predictable results.

In the context of perfecting democratic practices, I characterize "an essential transformational role" as one where the civil society agent succeeds in establishing itself as part of a process, remains essentially intact in its identity and purpose while part of that process, and maintains an ability to broadcast its point of view outside the process to society at large.

The transformation itself is defined in terms of reversing the disheartening picture of slow growth and extreme concentration of wealth in the hands of the few that is reproduced by the malignant effects of the tax system and the distribution of public goods, particularly the portion designated for the social programs.

The democratic practices that I am referring to are those inscribed in the Constitution of 1988. They focus on the objective of overcoming the causes of social and economic exclusions that are detailed in my introductory chapter, the effects of which become plainly evident in the results of the SEADE measurements presented later on. Very simply, if there is exclusion of entire

segments of society from the active and productive life of the country, the solution is to legislate their inclusion explicitly into the decision-making process.

The frame of reference for their insertion is the 1988 Constitution, instituted in a time of re-democratization and decentralization of the Brazilian state. I take it as an accepted principle for the framers of that document, derived from their previous experience of twenty years of military rule, that although power emanated from the people, an essential condition for the growth and continuance of democratic practices depended on society remaining involved in government. Therefore, transparency in government practices was a prerequisite for participation. To further ensure this process, the Constitution enshrined, in various specific articles, the right to participate. The complementary laws that were required went so far as to specify representation from specific minorities or societal groups, such as the handicapped, the native, the black, and women, in various participatory councils. In some cases, specific organizations are named and granted the right to nominate representatives.

The Constitution determined the process whereby society delegates power to its representatives at the various instances of the federation, and empowers these levels to act in specific areas in a decentralized but concerted fashion, particularly in relation to social policy. However, the Constitution also reserved to the people the right to resort to plebiscites, referenda and popular initiatives, it not being clear, as yet, however, if all legal matters are available for this

treatment. There is debate, for instance, if a Constitutional amendment can be proposed in this manner.[91]

I do not wish to underestimate the importance of the legal markers, in spite of the fact that Brazil has had seven constitutions since 1824. In a very recent interview, the historian Luiz Werneck Vianna, in talking about his new book, *Esquerda brasileira e a Tradição Republicana*, returns again and again to the role of the Constitution in the debate about the direction in which the country is going:

> [referring to the strength of market forces and diminution of the role of the state:]
> It is up to the Brazilian intelligentsia, again, to intervene to provide clarity about what assails the country. The other side has done nothing except advance its project to undo what remains of the "public" in Brazilian society. The focus of resistance is still the Constitution of 1988 that institutionalized, somehow, the Brazilian republican tradition.[92]

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[91] The Constitution protects the right to popular initiative in Article 14 (specific sovereign rights), Artcle 61, paragraph 2 (at federal level), Article 27, paragraph 4 (state level), and Article 29, XIII (municipal level). In all cases, there is the need for local legislation regulating its practice. There seems to be no consensus whether popular initiative can be used to propose amendments the Constitution. As to other limitations, an interesting interpretation in a major law journal article, by Luiz Claudio Portinho Dias comments that "another failure we observe in our system of popular initiative is the absence of limits to themes that seem viable for the use of this instrument. It seems to us it [a limit] should be recommended, keeping in mind the existence of subjects about which popular initiative cannot be accepted. It's the case, for instance, of matters related to tax law, criminal, financial and administrative, which require a profound knowledge of specifics about the public system or of the vertical connections inside the state, as an abstract entity." [My translation of:] "outra falha que observamos em nosso sistema de iniciativa popular é a ausência de delimitação de temas sobre os quais é cabível a utilização do instituto. Parece-nos que isso seria de todo recomendável, tendo em vista a existência de matérias sobre as quais a iniciativa popular não pode ser admitida. É o caso, por exemplo, de assuntos relativos ao direito tributário, penal, financeiro e administrativo, os quais ou exigem um conhecimento profundo de dados a respeito da máquina pública ou da participação vertical do Estado, como ente abstrato". See Luiz Claudio Portinho Dias. (2001). A Democracia Participativa Brasileira. *Revista de Direito Constitucional e Internacional*, 9(37), 233. [Electronic Version]. Retrieved 20 March, 2006 from the World Wide Web: http://72.14.203.104/search?q=cache:Bv4w-KBICoUJ:www.faculdade.nobel.br/%3Faction%3Drevista%26id%3D21+PROPOSTAS+DE+EMENDA+CONSTITUCIONAL+%22INICIATIVA+POPULAR%22&hl=en&gl=ca&ct=clnk&cd=10

[92] Ricardo Musse. (2006, March 15). Interview of Luiz Werneck Vianna. *Folha de São Paulo, Mais!* Section, p. 6-7.

Regarding the similarities of political parties when they reach power, Vianna goes on to assert that,

> At no moment did the President [Lula] mobilize the resources of his party [the PT]. The new was denuded of content, such as the *Conselho de Desenvolvimento Econômico e Social*. The very concept of participatory budgeting was wiped from the scene. So, the bureaucracy won, one more time. ...The scenario we have is not positive. But I think there is a longer-term perspective. ... We have well-designed institutions, such as the one that manages elections; and solid corporations, such as the courts and the public advocacy. The 1988 Constitution is ever more present in the minds of the average person, as the ballast of the social life of the country.[93]

However, the very nature and function of the Constitution in the Brazilian state provides sources of strength and fragility. It is an extremely detailed document of some 250 articles. As a consequence of this specificity, it undergoes frequent amendments, which can be elaborated and sanctioned entirely at the federal level by the Congress and the President. To date, some fifty amendments have been implemented. At the same time, an expressed function of the document is to dictate democratic practices and methods to municipalities (and states) that have had little tradition of the kind.

The constitutional commandment to decentralize has, among its purposes, to provide for societal decision-making and control of public matters. At the local level, where participation appears so viable, this would seem to suggest different localities developing unique solutions to problems, based on local conditions. Simultaneously, however, at the federal level, there exists the capability to implement—unilaterally—a Law of Fiscal Responsibility that determines—uniformly—that no municipality can carry debt larger than 120 percent of its annual net liquid receipts.

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[93] Musse. (2006), 7.

Hence the Constitution is there, sometimes to decree democracy, sometimes to restrict it. In either case, it is done from the centre, with no required input from the states or municipalities. These contradictions reflect a central problem of Brazilian politics, of extreme contrasts between centre and periphery whether in the geography of cities, the geography of states and regions, or in the situation of different socio-economic groups.

Nonetheless, the Constitution legitimizes participation both as an institution inside the state and outside. When civil society enters into a special relationship with government, it needs minimally to achieve a permanent role, to maintain its own identity, and be able to continue to have its own voice to society at large. When it operates outside of formal government, the concern about being co-opted or captured is lessened.

In discussing civil society organizations, there is also a question about the nature of their bases of support, and whether or not these are structured to fragment and diminish broad claims, transforming them into limited and disconnected demands. One looks suspiciously at the enormous number of instances of participation that have been in existence for some time and the persistence of the chasm between haves and have-nots.

These filters are useful in examining the three instances of participation detailed in chapter three. The President's Council presents an interesting case in that it is a large body that, in some fashion, is intended as a microcosm of Brazilian society. As a civil society group, it has no distinct base, however, and this is reflected in the divergences between its members with respect to various government policies and projects. Still, it has some permanence, and—diffused

as it may be—some identity that makes it coalesce on some issues of national scale—such as the interest rate policy of the government. If the purpose of the body is to give government a reading on society's response to an issue, it worked rather well. To the extent that government ignores the warning, it is a signal that greater pressures require continuity of the policy. I feel that the Council is useful, although it has been set up in such a fashion that it cannot very well report to society its serious disagreements with the government that gave it life. It is the President's advisory body, and not a parliament. This makes it appear inconsequential, although all its discussions and documents are available online for all to see. Finally, the discussions are tortuous and difficult, with a special attention to developing consensus, so it does not show up in the press very well.

The SUS councils offer an entirely different perspective by which to analyse the impact of civil society participation. There is an extensive literature on the SUS management system that points out the many shortcomings of the program. Mayors often manipulate health councils, and private insurers manage to foist costs on the SUS to the detriment of the poor patient. I chose deliberately not to include this in earlier discussion, as the degree of perfection of the program is not particularly relevant. What is relevant about SUS is the degree to which, first, it exemplifies the obligation of a modern state to fulfill a constitutional obligation (yes, the law does matter), and, second, the degree to which civil society operational monitoring is possible.

Finally, there seems to be a synergy between civil society and the SUS bureaucracy, whereby popular demands are coinciding with local government demands. In Brazil there is a common joke about laws that "stick" and laws that

"don't stick." The SUS system, as imperfect as it is, sits on a body of laws and regulations that have succeeded. As a right that has been arduously won by all layers of society, a fight that goes back to the first concerted social movements under military rule, the SUS can rally popular support with relative ease.

Finally, although PB has been given little space in this thesis, its essential difference from the President's Council of from the SUS merited its inclusion. Of particular salience is the degree to which it approaches direct democracy, constrained only by the operational budget it is given.

One common feature of PB is the fact that it operates under rules that are decided yearly by the people participating. Despite this, one rule that has gained permanence is the weighted allocation of resources to census areas of greatest needs. In scattered fashion in some major centres such as Porto Alegre, Belo Horizonte and Recife, community groups have been employing SEADE-like criteria to determine the distribution of public goods and services. Furthermore, to the extent that city planning bureaucracies have been motivated to work with these groups, there are significant accumulations of capacity that transcend classes and preconceived notions about the poor and their inability to act.

PB has lost some of the glamour originally associated with it because there is some recognition that it cannot solve many kinds of large-scale problems that cut across metropolitan regions and even states. Likewise, in some instances it has become identified with the banner of a particular political party, leading to its extinction by the opposition when it takes power. But in many cases its discontinuance simply reflects the resurgence of traditional political practices of give-and-take and the settling of political debts by directing municipal resources

to particular projects of interest to commercial and real estate sectors. From the analytical perspective I have tried to suggest above, PB is an immensely important working model of an alternative participatory channel that sits in the toolbox of the democratic reformer.

In my view, indexes such as SEADE reveal the outcomes of persistently unjust policies and practices already discussed. They are the evidence of problems, and not the causes. Hence, the design of policies that merely alleviate these situations do not offer enduring solutions. Many of the SEADE dimensions of needs, such as access to electricity at reduced rates, or security, or meals at school result merely in welfare provisions in substitution of real gains based on appropriate minimum wage, progressive taxation, and proper allocation of social budgets.

Nevertheless, as shown, virtually every area of the SEADE dimensions is populated by civil society groups that focus either on institutional participation (through the social assistance budget) or advocacy, or by charitable organizations. To the extent that these civil society interventions disperse, fragment and disguise attempts at confronting root causes, they represent confused participatory efforts. However, the SEADE decision to characterize these indexes as issues of social responsibility implicates the state further in the failure to solve social problems, and begins to provide specific criteria whereby the performance of the state can be measured. The ranking of municipalities according to the degree of vulnerability faced by geographic areas of the jurisdiction adds further pressure on the state to act.

The vicious circle installs itself with the fiscal adjustments arranged at the federal level, with the support of complementary legislation (the now famous LFR), that prohibits local action incompatible either with homogeneous provisions (limits on payroll expenditures, fixed amounts dedicated to education and health, prohibitive limits on indebtedness), coupled with structural misallocations that benefit the ten percent wealthiest Brazilians. At this juncture the discerning activist who analyses this entire scenario begins to see the need for action at the economic level.

Fruitful research would thus result from discussions with present and past mayors of relatively well-to-do places such as Marilia, Franca, Americana, Barueri and Jacarei, asking them to evaluate the differences in the outcomes of these indexes, comparing the reach of present policies with those involving a better distribution of taxes, of the social budget, and a properly indexed minimum wage.

In essence, the FBO choice of areas of activism, described in the preceding chapter, begins to resemble action aimed at root causes. For various reasons already discussed in that chapter, there is little political structure to expect fruitful results in the foreseeable future.

I conclude that the innovations in participatory channels introduced and somewhat consolidated since 1988 represent significant progress in the Brazilian struggle to build a modern state with genuine equality. None of the institutions that I have reviewed merit discarding, because on the whole they have the potential to permanently change political culture. However, the pursuit of this approach with its punctual victories serves to hide and obfuscate the

understanding that there is a class struggle underway. Greater clarity ought to lead to new social movements that consolidate their efforts on a few causes. There are constitutional instruments available, such as the popular initiative, that merit attention as the vehicle of choice for these movements.

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Appendix I. SEADS Participatory Organs

1. Conselho Estadual da Condição Feminina (state council on women's issues)
2. Conselho Estadual da Juventude (state council on youth issues)
3. Conselho Estadual de Entorpecentes – CONEN (state council on drugs)
4. Conselho Estadual de Integração da Cidadania (state council on citizenship rights)
5. Conselho Estadual de Micro e Pequenas Empresas (state council on micro and small business)
6. Conselho Estadual do Bem-Estar do menor (state council on the well being of minors)
7. Conselho Estadual do Idoso (state council on the aged)
8. Conselho Estadual do Turismo (tourism state council)
9. Conselho Estadual para Assuntos da Pessoa Portadora de Deficiência (state council on the handicapped)
10. Conselho de Participação e Desenvolvimento da Comunidade Negra (black community access to participation and development)
11. Conselho de Administração e Orientação da Agência de Desenvolvimento Social – Fundo de Investimento (coordinating and articulatory council for state social development agencies)
12. Conselho Consultivo do Programa Estadual de Leitura denominado "São Paulo: Um Estado de Leitores" (consultative council on culture, literacy and reading promotion)
13. Conselho Curador da Fundação Centro Educativo, Recreativo e Esportivo do Trabalhador – CERET (managing council of the workers' education, recreation and sports centre)
14. Conselho Curador da Fundação Oncocentro de São Paulo (managing council of the state oncocentric foundation)
15. Conselho de Curadores da Fundação Estadual de Amparo ao Trabalhador Preso – FUNAP (managing council of the state foundation for the support of the imprisoned worker)
16. Conselho Deliberativo da Fundação para o Remédio Popular – FURP (managing council of the publicly-funded medications foundation)
17. Conselho de Desenvolvimento da Região Metropolitana de Campinas(Campinas metropolitan region development council)
18. Conselho de Desenvolvimento da Região Metropolitana da Baixada Santista (Metropolitan Region of Santos Development Council)
19. Conselho Deliberativo do Fundo Social de Solidariedade do Estado de São Paulo (Deliberative council of the Solidarity Fund of the State of São Paulo)

Source: State of São Paulo Secretary of Assistance and Social Development. Retrieved 13 February, 2006 from the São Paulo State Social Development Web site:
http://www.desenvolvimentosocial.sp.gov.br/desenvolvimentosocial/sites.asp?pagina=outrosconselhos

Appendix II. FBO Membership

As of 14 March, 2006, the FBO includes the following entities:

1. ActionAid Brasil
2. Agência de Desenvolvimento Institucional
3. AGENDE – Ações em Gênero Cidadania e Desenvolvimento
4. AGERE - Cooperação em Advocacy
5. AMB – Articulação de Mulheres Brasileiras
6. AMENCAR - Associação de Apoio à Criança e ao Adolescente
7. Campanha Nacional pelo Direito à Educação
8. CAPITAL SOCIAL Instituto de Pesquisa, Desenvolvimento e Fortalecimento das Ações Sociais
9. Cáritas Brasileira
10. CCLF - Centro de Cultura Luiz Freire
11. CENDHEC – Centro Dom Helder Câmara de Estudos e Ação Social
12. CENTRAC - Centro de Ação Cultural/Paraíba
13. CFEMEA – Centro Feminista de Estudos e Assessoria
14. CFESS – Conselho Federal de Serviço Social
15. CIDADE – Centro de Assessoria e Estudos Urbanos
16. CMP - Central dos Movimentos Populares
17. COFECON – Conselho Federal de Economia
18. Coletivo Leila Diniz – Ações de Cidadania e Estudos Feministas
19. Comunidade Bahá'í do Brasil
20. CONAM – Confederação Nacional das Associações de Moradores
21. CORECON-DF – Conselho Regional de Economia do Distrito Federal
22. CORECON-RN – Conselho Regional de Economia do Rio Grande do Norte
23. CORECON-SP – Conselho Regional de Economia de São Paulo
24. Data Lege Tributo e Governo
25. FASE – Federação dos Órgãos para Assistência Social e Educação
26. FISENGE – Federação de Sindicatos de Engenheiros/CUT
27. Fórum de Acompanhamento do Orçamento Público de São Paulo
28. Fórum Municipal de Defesa dos Direitos da Criança e do Adolescente/Petrópolis-RJ
29. Fórum Popular do Orçamento de Niterói
30. FPOP Uberlândia – Fórum Permanente do Orçamento Participativo/Uberlândia MG
31. FPORJ - Fórum Popular do Orçamento do Rio de Janeiro
32. FREPOP - Fórum de Educação Popular
33. FUNDAÇÃO ABRINQ pelos Direitos da Criança e do Adolescente
34. Fundação Fé e Alegria do Brasil
35. GESST/UnB - Grupo de Estudos e Pesquisas sobre Seguridade Social e Trabalho da Universidade de Brasília
36. GOPSS - Grupo de Estudos e Pesquisas do Orçamento Público e da Seguridade Social da Universidade Estadual do Rio de Janeiro
37. IBAM – Instituto Brasileiro de Administração Municipal

38. IBASE – Instituto Brasileiro de Análises Sociais e Econômicas
39. ICAP – Instituto de Capacitação de Assessoria e Projetos
40. INESC – Instituto de Estudos Socioeconômicos
41. Instituto Cultiva
42. Missão Criança
43. MMNPA – Movimento de Mulheres do Nordeste Paraense
44. MNMMR – Movimento Nacional de Meninos e Meninas de Rua
45. MST – Movimento dos Trabalhadores Rurais Sem Terra
46. NP3/UnB – Núcleo de Pesquisa em Políticas Públicas da Universidade de Brasília
47. PACS – Políticas Alternativas para o Cone Sul
48. UNAFISCO Sindical – Sindicato Nacional dos Auditores Fiscais da Receita Federal

Source: FBO. (2006). Retrieved 8 June, 2006 from FBO Web site: http://www.forumfbo.org.br/publique/cgi/cgilua.exe/sys/start.htm?sid=2